

NOMINATION OF J. FRANK SCHUMMER RECOMMITTED

Mr. HAYDEN. Mr. President, I ask unanimous consent that the vote whereby the nomination of J. Frank Schummer, of Hamburg, N. Y., to be postmaster at that place, was confirmed by the Senate on the 29th instant be reconsidered and that the nomination be recommitted to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE REPORTS OF A COMMITTEE

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the Executive Calendar.

THE CALENDAR

The VICE PRESIDENT. The clerk will call the calendar.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered.

That completes the calendar.

LEGISLATIVE SESSION

Mr. BARKLEY. I move that the Senate resume legislative session.

The motion was agreed to; and the Senate resumed legislative session.

ADJOURNMENT TO MONDAY

Mr. BARKLEY. I move that the Senate adjourn until noon on Monday next.

The motion was agreed to; and (at 2 o'clock and 35 minutes p. m.) the Senate adjourned until Monday, February 4, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 31 (legislative day of Jan. 30), 1935

ASSISTANT DIRECTOR, BUREAU OF DOMESTIC AND FOREIGN COMMERCE

William E. Dunn to be Assistant Director, Bureau of Foreign and Domestic Commerce, vice Henry Russell Armory, resigned.

UNITED STATES DISTRICT JUDGE

John McDuffie, of Alabama, to be United States district judge, southern district of Alabama, to succeed Robert T. Ervin, retired.

UNITED STATES MARSHAL

John J. Farrell, of Minnesota, to be United States marshal, district of Minnesota, to succeed Bernard Anderson, whose term expires February 23, 1935.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 31 (legislative day of Jan. 30), 1935

POSTMASTERS

ILLINOIS

Edward G. Mochel, Clarendon Hills.
John J. Welch, Deerfield.
Ferd H. Gibler, Freeport.
H. Earl Ballein, Hanover.
Francis L. Wright, Henry.
Charles W. Rimsnider, Hinckley.
Florence E. Kelley, Iuka.
J. Walter Lowrey, Joliet.
Patrick H. McKeone, Lacon.
Raymond A. Kennedy, Libertyville.
Otto F. Giehl, Metamora.
Paul H. Ryan, New Holland.

Garnett M. Farthing, Odin.
L. Maude McBride, Pawpaw.
Ernest Swanson, Paxton.
Margaret Bradbury, Perry.
Marguerite D. Long, Princeville.
Jacob Sand, Roanoke.
Lester L. Boyle, Roberts.
Lawrence P. Luby, Rockford.
Joseph E. Pruett, St. Elmo.
West M. Rourke, Springfield.
William E. Hollerich, Spring Valley.
Joseph J. Morrissey, Utica.

NORTH DAKOTA

Ralph E. Ulrich, Balfour.
Arthur Shelton, Bowdon.
Freda A. Sempel, Braddock.
Maude I. Burbeck, Cathay.
Nels A. Anderson, Finley.
G. Ralph Rohr, Gladstone.
John A. Schieb, Kensal.
Alf A. Ringen, Kindred.
Anna M. Wagner, Lidgerwood.
William G. McBride, Milton.
M. Florence Klessig, Page.
William J. Gust, St. Thomas.
John M. Klein, Strasburg.
Grace C. Wheeler, Tower City.
William S. McCabe, Walhalla.
George G. Harvey, Williston.
Clarence O. Uggren, Woodworth.
Bernhard Ottis, Wyndmere.

UTAH

Nello Christoffersen, Brigham.
James L. Willardsen, Ephraim.
N. Stanley Brady, Fairview.
Cantril Nielsen, Hyrum.
Gerald Cazier, Nephi.
Richard B. Porter, Ogden.
Carl W. Empey, Price.

WITHDRAWALS

Executive nominations withdrawn from the Senate January 31 (legislative day of Jan. 30), 1935

POSTMASTERS

ALABAMA

Alfred L. Harrell to be postmaster at Lafayette, in the State of Alabama.

TEXAS

Elizabeth McCauley to be postmaster at Sabinal, in the State of Texas.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 31, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

With thanksgiving and praise we most humbly acknowledge Thy mercies, O God. Thou dost command the hidden hours of the night season and the daylight time to serve us; we thank Thee. We pray in the name of Him who took the children to His arms. Heavenly Father, do likewise with all the little ones who have lost their sweet, innocent songs. What a tragedy, a child without a childhood, like a day without a sun and a night without a star. Scorched and fettered, palsied and crippled by a baneful disease, they are denied the play hours of the early years and face a future so dark and so forbidding. Heavenly Father, Thou who dost preside over life and destiny, in their painful estate cheer, comfort, and heal them. Console all parents whose lips have been put to this bitter cup. Brighten their visions, mark out their saddest colors, and give them peace in their broken worlds. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a joint resolution of the House of the following title:

On January 28, 1935:

H. J. Res. 112. Joint resolution to clarify the definition of disagreement in section 19, World War Veterans' Act, 1924, as amended.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3247. An act to meet the conditions created by the 1934 drought, and to provide for loans to farmers in drought- and storm-stricken areas, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 92. An act to prohibit the making of photographs, sketches, or maps of vital military and naval defensive installations and equipment, and for other purposes;

S. 403. An act to amend the act of Congress approved March 1, 1899, entitled "An act to authorize the Commissioners of the District of Columbia to remove dangerous and unsafe buildings and parts thereof, and for other purposes", and to further amend said act by adding at the end thereof new sections nos. 5 and 6;

S. 406. An act to amend an act approved May 1, 1906, entitled "An act to create a board for the condemnation of insanitary buildings in the District of Columbia, and for other purposes";

S. 411. An act to authorize an annual appropriation of \$10,000 to pay the pro rata share of the United States of the expenses of the Pan American Institute of Geography and History at Mexico City;

S. 462. An act to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon;

S. 464. An act to add certain lands to the Malheur National Forest in the State of Oregon;

S. 575. An act to amend the Mining Act of May 10, 1872, as amended;

S. 619. An act to amend section 27 of the Merchant Marine Act, 1920;

S. 736. An act for the relief of Louise Fox; and

S. 753. An act to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co.

PERMISSION TO ADDRESS THE HOUSE

Mr. SANDERS of Louisiana. Mr. Speaker, I ask unanimous consent that I may be permitted to address the House for 20 minutes tomorrow immediately after the reading of the Journal and the disposition of business on the Speaker's table, on events of national importance in Louisiana.

Mr. TAYLOR of Colorado. Mr. Speaker, reserving the right to object, and I do not intend to object, because I understand the gentleman desires to speak on a very urgent matter. But I do feel that the general wish of the House is that we should require speeches longer than 5 minutes to be made during the general debate on some one of the appropriation bills. That is the purpose of having the very liberal general debate on each of these bills. Lengthy speeches made immediately after the reading of the Journal tends to delay and disturb the regular orderly proceedings of the House, and I hope these requests will be very few. However, in view of the tense conditions existing in Louisiana at this time, I shall not object to this request.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

RECONSTRUCTION FINANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill (S. 1175) to extend the functions of the Reconstruction Finance Corporation for 2 years, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1175) to extend the functions of the Reconstruction Finance Corporation for 2 years, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That until February 1, 1937, or such earlier date as the President may fix by proclamation, the Reconstruction Finance Corporation is hereby authorized to continue to perform all functions which it is authorized to perform under law, and the liquidation and winding up of its affairs as provided for by section 13 of the Reconstruction Finance Corporation Act, as amended, are hereby postponed during the period that the functions of the Corporation are continued pursuant to this act: *Provided*, That no officer or employee of the Reconstruction Finance Corporation shall receive salary at a rate in excess of \$10,000 per annum, except that in the case of any position the salary of which at the date of the enactment of this act is at the rate of \$12,500 per annum such salary may continue at such rate.

"Sec. 2. (a) Except as provided in section 5d of the Reconstruction Finance Corporation Act, as amended by section 10 hereof, and in section 9 of an act entitled 'An act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes', approved June 19, 1934, no funds shall be disbursed on any commitment or agreement hereafter made by the Reconstruction Finance Corporation to make a loan or advance, subscribe for stock, or purchase capital notes or debentures, after the expiration of 1 year from the date of such commitment or agreement; but within the period of such 1-year limitation no provision of law terminating any of the functions of the Reconstruction Finance Corporation shall be construed to prohibit disbursement of funds on commitments or agreements to make loans or advances, subscribe for preferred stock, or purchase capital notes or debentures.

"(b) Notwithstanding any other provision of law, disbursement may be made at any time prior to January 31, 1936, on any commitment or agreement heretofore made by the Corporation to make a loan or advance, subscribe for preferred stock, or purchase capital notes or debentures.

"Sec. 3. Notwithstanding any other provision of law limiting the maturity of obligations taken by it to shorter periods, the Reconstruction Finance Corporation may make loans or advances or renewals or extensions thereof to authorized borrowers or by other suitable agreement permit them to run so as to mature at such time or times as the Corporation may determine, not later than January 31, 1945: *Provided*, That in respect of loans or renewals or extensions of loans or purchases of obligations under section 5 of the Reconstruction Finance Corporation Act, as heretofore and herein amended (U. S. C., Supp. VII, title 15, ch. 14), to or of railroads, the Corporation may require as a condition of making any such loan or renewal or extension for a period longer than 5 years, or purchasing any such obligation maturing later than 5 years from the date of purchase by the Corporation, that such arrangements be made for the reduction or amortization of the indebtedness of the railroad, either in whole or in part, as may be approved by the Corporation after the prior approval of the Interstate Commerce Commission.

"Sec. 4. (a) Section 5 of the Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is further amended by striking out all of the third sentence of the third paragraph thereof through the first colon and inserting in lieu thereof the following: 'Within the foregoing limitations of this section, the Corporation, notwithstanding any limitation of law as to maturity, with the approval of the Interstate Commerce Commission, including approval of the price to be paid, may, to aid in the financing, reorganization, consolidation, maintenance, or construction thereof, purchase for itself, or for account of a railroad obligated thereon, the obligations of railroads engaged in interstate commerce, including equipment trust certificates, or guarantee the payment of the principal of, and/or interest on, such obligations, including equipment trust certificates, or, when, in the opinion of the Corporation, funds are not available on reasonable terms through private channels, make loans, upon full and adequate security, to such railroads or to receivers or trustees thereof for the purposes aforesaid: *Provided*, That in the case of loans to or the purchase or guaranty of obligations, including

equipment trust certificates, of railroads not in receivership or trusteeship, the Interstate Commerce Commission shall, in connection with its approval thereof, also certify that such railroad, on the basis of present and prospective earnings, may reasonably be expected to meet its fixed charges, without a reduction thereof through judicial reorganization, except that such certificate shall not be required in case of such loans made for the maintenance of, or purchase of equipment for, such railroads: *And provided further*, That for the purpose of determining the general funds of the Corporation available for further loans or commitments, such guaranties shall, to the extent of the principal amount of the obligations guaranteed, be interpreted as loans or commitments for loans: *Provided further*, That the total amount of loans and commitments to railroads, receivers, and trustees, and purchases and guaranties of obligations of railroads, under this paragraph, as amended, shall not exceed at any one time \$350,000,000, in addition to loans and commitments made prior to the date of enactment of this act and renewals of loans and commitments so made.

"(b) Section 5 of the Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is further amended by striking out at the end of the third paragraph thereof the colon and the following: '*Provided further*, That the Corporation may make said loans to trustees of railroads which proceed to reorganize under section 77 of the Bankruptcy Act of March 3, 1933', and inserting in lieu thereof a period.

"Sec. 5. The Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is further amended by inserting after section 5b thereof the following new section:

"Sec. 5c. To assist in the reestablishment of a normal mortgage market, the Reconstruction Finance Corporation may, with the approval of the President, subscribe for or make loans upon the nonassessable stock of any class of any national mortgage association organized under title III of the National Housing Act and of any mortgage loan company, trust company, savings and loan association, or other similar financing institution, now or hereafter incorporated under the laws of the United States, or of any State, or of the District of Columbia, the principal business of which institution is that of making loans upon mortgages, deeds of trust, or other instruments conveying, or constituting a lien upon, real estate or any interest therein. In any case in which, under the laws of its incorporation, such financial institution is not permitted to issue nonassessable stock, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such financial institutions. The total face amount of loans outstanding, nonassessable stock subscribed for, and capital notes and debentures purchased and held by the Reconstruction Finance Corporation, under this section, shall not exceed at any one time \$100,000,000. Notwithstanding any other provision of law, the Reconstruction Finance Corporation may, under such rules and regulations as it may prescribe (which regulations shall include at least 60 days' notice of any proposed sale to the issuer or maker), sell, at public or private sale, the whole or any part of the stock, capital notes, or debentures acquired by the Corporation pursuant to this section, and the preferred stock, capital notes, or debentures acquired pursuant to any other provision of law. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section."

"Sec. 6. Section 5e (a) of the Reconstruction Finance Corporation Act, as amended, is amended (1) by inserting in the first sentence thereof after the words "the assets" and before the words "of any bank", the following: "or any portion thereof"; and (2) by inserting in the second sentence thereof after the words "such assets" and before the words "held for the benefit" the following: "or any portion thereof."

"Sec. 7. Notwithstanding any other provision of law, Commodity Credit Corporation, a corporation organized under the laws of the State of Delaware as an agency of the United States pursuant to the Executive order of the President of October 16, 1933, shall continue, until April 1, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States. During the continuance of such agency, the Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of Commodity Credit Corporation, and the Corporation is hereby authorized to use all its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency, including the making of loans on agricultural commodities.

"Sec. 8. Section 1 of the act entitled 'An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes', approved June 10, 1933, as amended (U. S. C., Supp. VII, title 15, ch. 14, sec. 605e), is amended by striking from the last sentence thereof '\$50,000,000' and inserting in lieu thereof '\$75,000,000.'

"Sec. 9. Notwithstanding any other provision of law, the Export-Import Bank of Washington, and the Second Export-Import Bank of Washington, D. C., banking corporations organized under the laws of the District of Columbia as agencies of the United States, pursuant to Executive orders of the President, shall continue, until June 16, 1937, or such earlier date as may be fixed by the President

by Executive order, to be agencies of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, said banking corporations are hereby authorized and empowered to discount notes, drafts, bills of exchange, and other evidences of debt for the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its Territories and insular possessions and any foreign country or the agencies or nationals thereof, and, with the approval of the Secretary of the Treasury, to borrow money and rediscount notes, drafts, bills of exchange, and other evidences of debt for the purposes aforesaid. During the continuance of such agencies, the Secretary of State and the Secretary of Commerce are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of said banking corporations, and they are hereby authorized to use all of their assets, including capital and net earnings therefrom, except such earnings as may be required from time to time to pay dividends upon their preferred capital stock, and to use all moneys which have been or may hereafter be allocated to or borrowed by them, in the exercise of their functions as such agencies.

"Sec. 10. Section 5d of the Reconstruction Finance Corporation Act, as amended (U. S. C., Supp. VII, title 15, ch. 14), is amended (1) by striking out all of the first sentence thereof after the word 'industry' and the remainder of the first paragraph and inserting in lieu thereof the following: ', and to any institution, now or hereafter established, financing principally the sale of electrical, plumbing, or air-conditioning appliances or equipment or other household appliances, both urban and rural. Such loans shall, in the opinion of the Board of Directors of the Corporation, be so secured as reasonably to assure repayment of the loans, may be made directly, or in cooperation with banks or other lending institutions, or by the purchase of participations, shall mature not later than January 31, 1945, shall be made only when deemed to offer reasonable assurance of continued or increased employment of labor, shall be made only when, in the opinion of the Board of Directors of the Corporation, the borrower is solvent, shall not exceed \$300,000,000 in aggregate amount at any one time outstanding, and shall be subject to such terms, conditions, and restrictions as the Board of Directors of the Corporation may determine; ' and (2) by striking out from the second paragraph thereof the figures '1935' wherever they appear herein and inserting in lieu thereof the figures '1937.'

"Sec. 11. In all cases where the Reconstruction Finance Corporation shall hold any bonds or other evidences of indebtedness of any borrower under section 201 (a) of the Emergency Relief and Construction Act of 1932, whether heretofore or hereafter acquired, and such borrower shall be able and willing to substitute or cause to be substituted therefor any other bonds or other evidences of indebtedness, whether of the same or longer maturities or otherwise differing, which, in the judgment of said Reconstruction Finance Corporation, are more desirable than those so held, the said Reconstruction Finance Corporation is authorized to accept such bonds or other evidences of indebtedness, in exchange and substitution for such bonds or other evidences of indebtedness so held by it, upon such terms and conditions as may be agreed upon with such borrower at the time of, or in contemplation of, such exchange and substitution.

"Sec. 12. Section 14 of an act entitled 'An act relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes', approved June 19, 1934 (Public. No. 417, 73d Cong.), is amended to read as follows:

"Sec. 14. The Reconstruction Finance Corporation is authorized and empowered to make loans upon sufficient security to recognized and established corporations, individuals, and partnerships engaged in the business of mining, milling, or smelting ores. The Reconstruction Finance Corporation is authorized and empowered also to make loans to corporations, individuals, and partnerships engaged in the development of a quartz ledge, or vein, or other ore body, or placer deposit, containing gold, silver, or tin, or gold and silver, when, in the opinion of the Reconstruction Finance Corporation, there is sufficient reason to believe that, through the use of such loan in the development of a lode, ledge, or vein, or mineral deposit, or placer gravel deposit, there will be developed a sufficient quantity of ore, or placer deposits of a sufficient value to pay a profit upon mining operations: *Provided*, That not to exceed \$20,000 shall be loaned to any corporation, individual, or partnership, for such development purposes: *Provided further*, That there shall not be allocated or made available for such development loans a sum in excess of \$10,000,000."

"Sec. 13. Notwithstanding any other provision of law, the Reconstruction Finance Corporation is authorized and empowered to use as general funds all receipts arising from the sale or retirement of any of the stock, notes, bonds, or other securities acquired by it pursuant to any provision of law."

And the House agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
M. K. REILLY,
JOHN B. HOLLISTER,
JESSE P. WOLCOTT.

Managers on the part of the House.

DUNCAN U. FLETCHER,
CARTER GLASS,
ROBERT F. WAGNER,
PETER NORBECK,
J. G. TOWNSEND, Jr.,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 1175) to extend the functions of the Reconstruction Finance Corporation for 2 years, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 4 of the Senate bill relating to loans to railroads, receivers, and trustees contained a provision that the total amount of such loans and commitments and purchases and guaranties of obligations of railroads under the paragraph, as amended, should not exceed at any one time \$350,000,000. There was no corresponding provision in the House amendment.

The conference agreement retains the provisions of the Senate bill, but clarifies it so that the limitation of \$350,000,000 will apply solely to loans, commitments, purchases, and guaranties made after the date of enactment of the act, with the result that it will not affect existing loans and commitments or renewals thereof.

Section 5 of the Senate bill (relating to loans to mortgage loan companies and similar institutions) contained a limitation of \$100,000,000 for such loans, subscriptions to stock, and purchases of capital notes and debentures, under the section. There was no similar provision in the House amendment. The conference agreement retains the limitation of the Senate bill.

The House amendment also added to that section a provision that any assistance given to a financial institution by the Corporation should be conditioned upon its agreement that it would not use the funds so obtained in the reorganization of any real-estate enterprise with outstanding debts of \$50,000 or more, unless the plan of reorganization and the fees and expenses in connection therewith were approved by the Securities and Exchange Commission. There was also a provision in the House amendment authorizing the Reconstruction Finance Corporation to make loans to corporations, associations, or persons organized for the reorganization of real-estate properties upon the recommendation of the Securities and Exchange Commission and its approval of the proposed plan of reorganization. There were no corresponding provisions in the Senate bill, and the conference agreement eliminates these provisions.

The House amendment to that section also contained a provision authorizing the Reconstruction Finance Corporation to increase its borrowing power in an amount sufficient to carry out the provisions of the section. The conference agreement retains this provision.

The House amendment provided that loans to mortgage companies under the above section might be made "upon the request of the Secretary of the Treasury" and that the securities acquired by the Corporation under the section or pursuant to any other law might be disposed of "with the approval of the Secretary of the Treasury." There were no corresponding limitations in the Senate bill, and the conference agreement eliminates such limitations.

Section 8 of the Senate bill increased the maximum amount which might be loaned to insurance companies from \$50,000,000 to \$60,000,000. The House amendment provided for a maximum limit of \$75,000,000, and the conference agreement retains the provisions of the House amendment.

Section 10 of the Senate bill (relating to industrial loans by the Reconstruction Finance Corporation) extended the authority of the Corporation "to any business operating ferry boats or other craft solely on inland tidal waters." There was no corresponding provision in the House amendment and the conference agreement eliminates the provision. The conference agreement retains the provisions of section 10 of the House amendment relating to industrial loans.

The House amendment contained a provision (section 12a) authorizing the Reconstruction Finance Corporation to make loans "to any institution the principal business of which is that of lending money to taxpayers at an interest rate not exceeding 4 per centum per annum plus a service charge of not in excess of 2 per centum, for the payment of real-estate taxes, water rates, or special assessments on real estate, against the security of tax liens, or any interest therein held by the taxing authority." There was no corresponding provision in the Senate bill. The conference agreement eliminates this provision.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
M. K. REILLY,
JOHN B. HOLLISTER,
JESSE P. WOLCOTT,

Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. Celler].

Mr. CELLER. Mr. Speaker, I regret to find that the conferees failed to continue in the bill section 12 (a), page 21, which we on this side of the Capitol had agreed upon, declaring eligible for loans from the R. F. C. certain finance companies, dealing in loans to taxpayers to pay taxes, the character of which I shall advert to momentarily.

The amendment was as follows:

The Reconstruction Finance Corporation, in addition to the foregoing powers, is authorized and empowered to make loans to any institution the principal business of which is that of lending

money to taxpayers at an interest rate not exceeding 4 percent per annum, plus a service charge of not in excess of 2 percent, for the payment of real-estate taxes, water rates, or special assessments on real estate against the security of tax liens or any interest therein held by the taxing authority.

We know that the depression has created a severe drop in tax collections in all municipalities, due to the inability of property owners whose incomes have been materially reduced or utterly destroyed to pay their taxes and, secondarily, that the collapse of the money market generally has created an inability on the part of cities and municipalities to obtain loans in anticipation of tax collections.

My provision would permit the creation of so-called "tax-discount corporations" that would be eligible to borrow money from the R. F. C. and in turn lend the money thus borrowed to the taxpayers of the various municipalities.

In my State, for example, if there is a tax delinquency the interest against the taxpayer on that tax delinquency varies from 10 percent per annum in New York City to 18 percent in cities like Syracuse and other municipalities, and these charges mount up higher and higher until the taxpayer is unable, after a few years, to continue ownership of his property because of the foreclosure of tax liens of the city or municipality.

Here we would permit the creation of these tax-discount companies under enactments of the legislature to make these loans at 4 percent on the unpaid balance and with a service charge of 2 percent; and over a course of years, during which the taxpayer can repay the taxes thus advanced to the city, we find that the rate on the delinquencies, instead of being from 10 to 18, or a higher percentage, would be on the average about four and a half percent.

This is how a tax-discount corporation functions. It loans the money to the property owner for the purpose of paying delinquent or current taxes. The money is not paid directly to the taxpayer. It is paid to the city. The company as security takes from the city an interest in the tax lien which the city has in the property. The form of this security is a conditional tax receipt issued by the city, whereby the city agrees that the tax lien existing against the property shall not be extinguished unless and until the taxpayer repays the money advanced to the city. The taxpayer will have, say, from 3 to 5 years to pay back the moneys thus advanced to the city for the taxes. The interest rate is 4 percent on the unpaid balance.

Our plan is not designed specifically to aid the municipalities. The benefits to the municipalities are only incidental. The primary purpose of the tax-discount corporation is to help property owners, to aid them in avoiding foreclosure. The benefits that the municipalities happen to receive are simply byproducts. I am constrained to believe that the tax-discount corporation will in the long run aid real-estate owners and thus hasten the recovery of real estate. The demands for mortgage loans in New York City, at least in the territory with which I am familiar, are very largely for the purpose of paying tax arrears. Hundreds of bondholders' committees are ready to reorganize properties provided a way can be found to borrow the money to clean up taxes.

Practically every large taxpayer in my city and in practically every city in the country is in arrears. We cannot reestablish real-estate values anywhere unless this tax situation is cleared up. Creation of tax-discount corporations and declaring them eligible for loans will go a great way toward clearing up the situation.

I herewith submit an interesting letter from Mark Graves, New York State commissioner of taxation and finance:

STATE OF NEW YORK,
DEPARTMENT OF TAXATION AND FINANCE,
Albany, July 26, 1934.

Mr. JESSE JONES,

Reconstruction Finance Corporation, Washington, D. C.

DEAR MR. JONES: I have been requested to express to you my views concerning the worthwhileness of the Tax Discount Corporation of New York, which, as I understand it, has applied to the Reconstruction Finance Corporation for a loan.

In this State, as in other American States, tax delinquencies have been growing. Many people just did not have the funds with which to pay taxes, and usually penalties for non-payment of taxes are exceedingly high. This condition has embarrassed the Government and caused defaults. Fortunately, not many defaults

have occurred in New York State, but it is conceivable that some may occur.

When, during the closing days of our 1934 legislative session, Professor Studenski, of New York University, presented to me a plan for organizing corporations under certain safeguards, to loan money to taxpayers, I immediately saw great merit in the plan. We believed it would be helpful to the Government and also helpful to unfortunate taxpayers who were finding it difficult to meet their tax payments. For that reason, we acted in an advisory capacity in the preparation of the law and recommended to the governor that the bill be signed.

I consider this venture a very worthy one, one which, if successful, will benefit our municipal governments and the taxpayers alike. I am hopeful that the Reconstruction Finance Corporation may find that this corporation is comprehended within the list of corporations to which loans may be made.

Very truly yours,

MARK GRAVES, *Commissioner.*

The conference of mayors which met in Chicago last year urged upon the Reconstruction Finance Corporation the declaring of such companies to be eligible to borrow money and thus save the taxpayers their property, and thus save great inconvenience to the cities and at the same time enable the cities to get a vast sum of money to continue their public improvements and expend moneys for the relief of the poor and needy and indigent in the various municipalities.

The R. F. C. ruled, through its counsel, that this type of company is not eligible, and that is why we brought this amendment into the House yesterday, thinking we could declare eligible this type of corporation.

In New York State last year we passed a statute enabling the creation of such corporations to help municipalities get their tax moneys.

Tax discount corporations of New York were formed under the laws of New York for the purpose of making loans to taxpayers for the payments of taxes and assessments, whether delinquent or current, against the security of conditional tax receipts, as provided for in section 596 of the New York State Laws of 1934, more familiarly known as the "Esquirol bill":

An act permitting municipal corporations to accept payment of taxes and special assessments from corporations extending loans to taxpayers for the payment of such taxes or special assessments and to issue conditional receipts therefor.

And which, in substance, permits municipal corporations to hold the prior tax lien as security for loans to taxpayers by the issuance of a conditional tax receipt, thereby enabling private funds to be lent for the payment of taxes and the liquidation of tax arrears.

We provided further that in New York no such corporation could be established unless and until there was set up a minimum of \$1,000,000 capital, and then they would have the right, if they could not get money from the banks, to go to the R. F. C. and borrow. It is now hoped we can get a special bill enacted to relieve taxpayers on the one hand from these huge interest payments which they must make upon delinquencies, and also enable the setting up of these corporations to give ready and immediate money to the cities. Mayor LaGuardia tells me that he thinks New York could get over \$50,000 from the taxpayers by having some company lend the money to the taxpayers to pay these taxes.

I am happy to get the word from my colleague [Mr. CULLEN], distinguished Representative from New York, who has helped greatly on the matter that I meant fifty million and not fifty thousand dollars—which might be made available to New York City if the amendment or similar provision in a bill could be adopted.

You might say, "Why come to the R. F. C. for loans to such companies? What is the matter with the banks?" I say, "Banks will not take these long-period loans—3 years at least—that these companies will require." At least that is so for the present. But once these companies get established, I am quite sure the banks will come forward with loans of varying periods. But the companies cannot get established unless and until the Government steps in with financial aid of the character contemplated by my amendment.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker and gentlemen of the House, the Banking and Currency Committee has agreed to adopt an amendment to the bill, which amendment I am satisfied is of great benefit to the legislation. The House itself adopted a still broader amendment which would have aided and assisted, as I believe, hundreds of thousands of unfortunate bondholders. It would have protected and safeguarded the rights of the bondholders and restricted the mortgage corporations that are to be formed under this bill in making advances on these securities.

I regret exceedingly that the conferees have found it necessary to agree to eliminate these two important amendments; but I have been informed by the Chairman of the Committee on Banking and Currency that the conferees were forced to agree to this elimination.

I am fully aware that the Chairman of the Reconstruction Finance Corporation has pledged himself to and promised that he will, under the provisions of the bill, relieve these needy bondholders.

Were it not for that fact I would use every power vested in me and every parliamentary tactic to defeat the conference report; again, I recognize that the life of the Reconstruction Finance Corporation expires today, and any move to delay might create a condition for which I should not wish to be responsible.

But I do want to say this, Mr. Speaker and gentlemen: I am sick and tired of one man at the other end of the Capitol, as a rule, exerting his controlling power to disregard the judgment of the House. This is not the first time that the House conferees have been obliged to yield on House legislation that has been adopted after careful and mature consideration, and that that gentleman has placed himself in opposition and refused to agree to beneficial legislation.

Mr. BLANTON. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. BLANTON. Is not the trouble that often our conferees yield too quickly; that if they would hold out and give the Senate conferees to understand that the House insists on its important amendments and does not intend to yield, they would find some yielding over there?

Mr. SABATH. That may be. I was first informed that the House conferees yielded at once, but subsequent information given me was that they made an honest and tenacious fight and that one of the Senate conferees said there was absolutely no use of the House conferees urging and demanding the acceptance of these amendments, because he would not agree to any of them; and, ultimately, our conferees were compelled to agree.

I give notice now that so long as I remain a Member of this House I shall never agree to any conference report that is forced upon the House to deprive the House of its rights and privileges and which will nullify our deliberate consideration.

Mr. BLANTON. I have found out that when the House conferees stand up and refuse to yield on important matters the Senate will yield frequently.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. STEAGALL. Mr. Speaker, I yield 1 minute more to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. On account of the pledge given to me by Mr. Jones, Chairman of the Reconstruction Finance Corporation, as well as by the Chairman of the Committee on Banking and Currency, I am not going to demand that we refuse to concur in this conference report, because I fear what may result if no action is taken today.

Tonight at 12 o'clock the life of the Reconstruction Finance Corporation would expire, which expiration might cause a very serious condition. It might become necessary for the President to reappoint every employee of the Reconstruction Finance Corporation.

But even this serious prospect would not lead me to fail to persist in an effort to defeat the conference report were I not fearful that complications might arise that would effect a very serious financial loss to the Government.

At the same time I serve notice on both the Chairman of the Committee on Banking and Currency and the Chairman of the Reconstruction Finance Corporation that they cannot again bring in legislation at the very last minute and force this House to accept it.

Mr. Speaker, I shall hold the Chairman of the Reconstruction Finance Corporation and the Chairman of the Committee on Banking and Currency to the pledge and the promise they have given to me that the rights and the interest of the bondholders will be protected under the bill.

In conclusion, I want to say that I do greatly deplore what has taken place and the inability of the House to force the retention of these necessary protective provisions.

This unfortunate occurrence will, however, hasten the completion and presentation of the bill of the Select Committee to Investigate Bondholders' Reorganizations, which bill, I hope, shall receive early and favorable consideration. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. DUFFEY].

Mr. DUFFEY of Ohio. Mr. Speaker, I have just read the report of the conference committee on the bill S. 1175. I notice that in section 10 four words have been added which I deem of great importance. Those words are "or other household appliances." That is a great improvement over the language contained in the original bill, which did not at that time go as far as I thought it should. It is more satisfactory under all the circumstances. I still register objection to the word "institution", as it appears in the first line of that paragraph. I am at a loss to know what the word means. Having in mind the sound discretion of the Board of Directors of the R. F. C. in interpreting that, the conference report is satisfactory. I intend to vote for the adoption of the report.

Mr. STEAGALL. Mr. Speaker, I yield 30 minutes or such time as he may desire to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I think it is important at this time to call attention to the important language which was stricken from this measure in conference. I refer particularly to the subject matter alluded to a moment ago by the gentleman from Illinois [Mr. SABATH]. Previously, in the course of debate on the bill, I called attention to the fact that out of some \$10,000,000,000 worth of real-estate bonds that had been floated in this country, approximately \$8,000,000,000 were in default. For the purpose of getting some summary remedy for this thing, and perhaps getting some money into the hands of the bondholders, who have been so distressed and whose purchasing power has been ruined, we have been insisting that some language go into the present bill, even though it might go a little beyond the exact confines of the R. F. C., which would vest some enlarged recommendatory and supervisory power in Federal Securities Commission. One amendment was written into this bill in the Banking and Currency Committee providing that loans should be made to persons, associations, and corporations for the purpose of reorganizing these real-estate properties scattered in every large city in the United States. It was a rather well-drafted amendment, and subsequently, in the course of debate on this bill, that same amendment was enlarged by action of the House before it went to conference. I would not insist particularly upon the first half of the amendment, but I do believe the House ought to insist upon the second half, and I am going to tell the House now why we feel that way, and refer to the record of the hearings held in Chicago in September. The first part of section 5 (c) of this bill as it came to the Banking and Currency Committee provided that the R. F. C. could subscribe to the nonassessable stock of mortgage institutions and credit institutions in the different States in the hope of getting at this problem. Doubtless they could, but you leave therein a great human factor so easy of abuse that I for one have little faith in that section of the bill.

I stated in the course of debate, on the floor of the House on Tuesday, that a gentleman who was associated with the Reconstruction Finance Corporation had been developing real-estate property, and that we would make it possible for him in his official capacity, if he wished to, to use the money from the organization of which he is chairman for the purpose of reorganizing properties in which he had a pecuniary interest and thereby derive personal gain.

When the hearings were held in Chicago we had before us a gentleman whose name is Harvey B. Jones, from Davenport, Iowa. I remember distinctly asking the gentleman whether he was related to Jesse Jones, Chairman of the Reconstruction Finance Corporation, and he said no; but Harvey Jones was the holder of \$52,000 of defaulted bonds.

Some of these were bonds on properties in Houston, Tex.; bonds that were issued by the United Properties Corporation, of which Mr. Jesse Jones, Chairman of the Reconstruction Finance Corporation, was one of the directors. Subsequently, when those bonds went into default, those properties were reorganized. It included, as I remember, a theater, a couple of hotels, and a couple of commercial structures. They put the reorganization of that property into the Federal court, and if I remember correctly Mr. Jesse Jones' brother had something to do with the reorganization work. When they got through they sold this property for \$450,000; and then, to the holders of the bonds which had been issued through S. W. Straus & Co., they offered \$148 for every \$1,000 bond. If you want to read the record, it begins at page 273 of the first volume of the hearings conducted by this committee all through last summer.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. As the gentleman knows, being a member of that committee, there are 8,000,000,000 of those bonds outstanding in the United States among 3,000,000 people.

Mr. DIRKSEN. That is correct.

Mr. O'CONNOR. The authority to loan to a mortgage company in New York City, for instance, is of no use whatsoever. It appears that these conferees are more interested in insurance companies and banks than they are in taking care of these 3,000,000 in this country. This conference report should be voted down, because they did not carry out the will of the House and keep those two amendments in the bill.

Mr. DIRKSEN. I think much of what the gentleman has stated is correct. [Applause.]

By advancing money to mortgage institutions we make it possible for the same persons who are now in charge of these properties, grabbing off exorbitant trustee and receivership fees, taking 3 to 5 percent for management and taking a commission of 20 percent on the insurance that is written on those properties, to go to the Reconstruction Finance Corporation and get the money with which to pay themselves. That is the thing we are afraid of at the present time.

Mr. O'CONNOR. The gentleman heard the story in New York of 10 East Fortieth Street?

Mr. DIRKSEN. Exactly.

Mr. O'CONNOR. That is all I have to say about it.

Mr. DIRKSEN. Five or six hundred thousand dollars in fees were allowed for the same property. They set up a liquidation trust on that property in New York to run for 10 years. The trustees were to get \$100,000 each. A law firm was to get \$425,000 for its fees. Now, if you adopt this conference report as it is you will make it possible for those gentlemen to perpetuate themselves in these lucrative fiduciary positions, and then to borrow the money with which to pay themselves. I cannot see a thing like that go by without uttering a protest at this time and stating that the amendments approved by the House ought to be restored in this bill. It is very unfortunate that the Reconstruction Finance Corporation expires today officially. We had only a very short time in which to bring that bill upon the floor of the House, have it passed, send it through conference, and have all the

work done attendant upon enrolling and engrossing before the Reconstruction Finance Corporation actually does expire.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MAY. Perhaps if it continues to make loans for the purpose which the gentleman has suggested it ought to expire today.

Mr. DIRKSEN. I would just as soon see it expire, unless we can send some message of hope to the 4,000,000 people who have been wiped out. You should read some of these pathetic letters. Good God, this House cannot now refuse to give them some kind of summary aid. What will they think out in Chicago, Detroit, New York, and elsewhere, if we let this thing go by as it is? They will say, "Well, we can expect nothing from the Congress." They will say the reactionaries are still in control, and you will kill the hopes of millions of our people who, by the thousands, flocked into these hearings, desperate enough to commit homicide. They have been wiped out. Something must be done to protect them. Those people sat there by the thousands, ready to put their fingers upon the throats of these oily, wily, clever gentlemen who sat on the witness stand. What kind of message must go out to them today from the Congress if we recede on these amendments and fail to restore that language?

I suppose the argument came up in the Senate that we are enlarging the authority of the Federal Securities Commission. That is in a sense true. There has to be some other supervisory control than that which is vested in the Reconstruction Finance Corporation. I shall make no personal reflections upon or cast any reproaches upon Mr. Jones, but do you not see that you make it possible for Mr. Jones, with Reconstruction Finance Corporation money, which is public money, to refinance his own property? He is interested in two mortgage corporations in Houston, Tex. He could, under the provisions of the bill as it was originally written, use R. F. C. money and, by reorganizing and liquidating these properties, make himself some profit. Oh, I do not say that the gentleman is going to do it, but why take that chance when we can confer upon the Federal Securities Commission some commendatory power, together with the power of approval, so that they will not walk in and take this public money, issued through the instrumentality of the Reconstruction Finance Corporation, with which to pay off the gentry who for the last 5 years have been bilking the bondholders.

The SPEAKER. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. HOLLISTER. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. DIRKSEN. Now, see what the situation is as far as real estate is concerned. There are properties in this country right now which, if they were occupied to the extent of 100 percent at reasonable rental, would require the aggregate rental for 10 years to pay off these trustees, receivers, and attorneys' fees.

Think of it! It is one of the most shameful incidents in the annals of our country. I think we can do much good and re-create waning hopes by restoring at least a portion of the language of this amendment. I would not insist upon the first part particularly, but I do believe that this House ought to insist upon the last portion of the amendment, so that the distressed bondholders can go on and reorganize these properties, first securing the approval of the Federal Securities Commission to make sure that the money will go to the real parties in interest, namely, the original holders of the bonds whose equities and whose values have been vitiated and wiped out. This is all the amendment proposes to do, and if there is one gentleman over on the other side of this Capitol who is resisting that sort of thing, let us exercise the rights, privileges, and the prerogatives of this House and override him and send a message to all these distressed bondholders in this country and say that at least the lower House is going to take care of their interests and see that some restoration is made.

This is all I have to say. I hope the House insists upon the last provision of the amendment dealing with the reorganization of real property throughout the country.

Mr. HOLLISTER. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, I think I can say that I agree heartily with what the gentleman from Illinois has said. I do not think there are any Members of the House who do not want to see proper legislation enacted to help this situation. I want, however, to call the attention of the Members to the fact that this bill is primarily to extend the life of the Reconstruction Finance Corporation which otherwise would go out of existence tonight at 12 o'clock.

Speaking for myself, I believe that this particular provision which we are discussing should have full and adequate consideration in the committee which considered the original bill. After all, we are really adding a new department to the Securities and Exchange Commission. At the present time they are authorized under our legislation to approve the stocks and bonds which go on the exchanges for general sale. I do not know whether they are prepared to take up this type of question and give it the consideration it deserves with their present machinery. I surely hope that the House within a very few days can take up a bill which will accomplish the purpose of the two gentlemen from Illinois. I know they have done a splendid job, but I am appealing to the House today to let any bill which enlarges or modifies the function of the Securities and Exchange Commission take its usual course. Let it go to the Committee on Interstate and Foreign Commerce, which had the original bill; let them have hearings; let representatives of the Securities and Exchange Commission come down here and explain what legislation is necessary to allow them to carry out the purposes of this amendment. I hope their attitude will be favorable; but let us not stop the passage of this bill, which is needed today within the next 12 hours, by a controversy over some new legislation.

Now, it is not out of order that we should provide that these securities and these new organizations should be approved by the Securities and Exchange Commission before a loan is approved by the Reconstruction Finance Corporation, because I understand that when the Reconstruction Finance Corporation purchase the bonds or other obligations of railroads they must be approved by the Interstate Commerce Commission. So there is nothing alarming in that suggestion, and we can by proper legislation provide such procedure and, I think, accomplish the purpose the gentlemen seek to accomplish.

One more thought, if I may be further indulged the House, Mr. Speaker: We sat in conference yesterday for a long time on this bill. I want to pay a compliment to the Chairman of the Banking and Currency Committee and to the majority members of the Committee on Banking and Currency for the courageous fight they put up for this bill. As you know, legislation is a matter of compromise. We had to compromise somewhere, and, Mr. Speaker, we had to recede only on these two matters. The Senate gave in to us on almost every other major portion of this bill. I think it is a pretty good record, and I think this House should stand behind those courageous souls of the majority side on the Banking and Currency Committee who went into that conference yesterday and fought this bill through for you. I assure you that everything possible was done to safeguard this bill and to save these two particular provisions; but we had to give in somewhere, and the Senate conferees were so insistent that this amendment be stricken out that we were fearful it would tie up the whole bill and prevent its passage in time to save the R. F. C., so it was absolutely necessary to give in, but we did so with the hope that adequate legislation will be passed almost immediately to correct the situation at which these amendments were aimed.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Speaker, I yield 5 additional minutes to the gentleman from Michigan.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. FULLER. Was the gentleman a member of the conference committee?

Mr. WOLCOTT. Yes.

Mr. FULLER. If the gentleman was in favor of this amendment adopted by the House, why did the gentleman yield, and why does he now come in, having yielded, and ask us to go ahead and agree to the bill simply because it may tie up the Reconstruction Finance Corporation for a day?

Mr. WOLCOTT. I may say to the gentleman from Arkansas that he has been in this House for many years and has done a very fine service to the people of his district, to the people of his State, and to the people of this Nation. He knows that unless he had compromised on some of the things he advocated he would not have secured so much legislation that was beneficial to his district. That is just what the conference committee did in this instance.

Mr. FULLER. I cannot understand why the gentleman from Michigan, a member of the conference committee, should give in on these amendments when their adoption would mean so much to his own city of Detroit.

Mr. WOLCOTT. I hope the gentleman will not misunderstand me. I have made it very clear that I am heartily in favor of a bill coming from the proper committee after adequate consideration by the committee; but, in the first place, the amendment will not accomplish the purpose sought. It is inoperative to the extent of giving the relief the gentlemen from Illinois want. What I want to see is a good bill, a bill which will allow the Reconstruction Finance Corporation and the Securities and Exchange Commission to do just what these gentlemen want to do. The amendment in the pending bill will not permit them to do what I and the other gentlemen want done. So nothing is to be lost by adopting this conference report and putting this bill into operation and then leaving for tomorrow, the next day, or as soon as we possibly can get proper consideration, a bill to accomplish the purposes desired. I think such a bill will receive favorable consideration and the recommendation of the special committee.

Mr. O'MALLEY. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Why is it, whenever anything comes up that may help three or four million people, it is found necessary to compromise on that situation, and so that the only section in this bill that may have helped the little man is eliminated?

Mr. WOLCOTT. The provision which the Senate gave in to at the insistence of the members of the conference committee, the conferees on the part of the House, will not only aid 3,000,000 people but it should aid 50,000,000 people. The provision with respect to loans to small industries was left in there just as the House passed it. The conferees on the part of the Senate were insistent that it come out. They were insistent that some limitation be placed upon it. We on the part of the House succeeded in having that provision left in, and while the gentleman is speaking of helping three or four million people may I say that provision will help at least 50,000,000 people. I am in favor of helping not only the three or five million people, which the gentleman refers to, but many more.

We should allow the special committee to be heard. They had no adequate hearing in connection with this matter. This was new legislation. It was something that the Banking and Currency Committee hesitated to have hearings on because it was within the jurisdiction of another legislative committee of this House. The special committee had given consideration to this particular matter; they had worked on it for weeks, but were not before the Banking and Currency Committee. They were not heard. They should be heard. The members of the Securities and Exchange Commission should be heard and other representatives should be heard. I hesitated to recommend that this amendment be enacted, because I know it does not carry out the wishes of the special committee.

Mr. O'MALLEY. May I say to the gentleman that the members of the special committee did not know of the existence of this bill until last week, while everybody knew that the R. F. C. was going to expire tomorrow. Why is it whenever there is an opportunity to do something for the common people that the bill is held up for a few days and then brought in here with the statement that we have to pass it now?

Mr. WOLCOTT. I cannot agree with the gentleman that every bill for the benefit of millions of people is held up here, and I personally consider it a reflection on the Membership of the House for the gentleman to say that any bill for the benefit of millions of people is always held up by this House.

Mr. O'MALLEY. This bill should have been brought in 3 weeks ago.

Mr. RICH. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman spoke about a proviso in the bill to make loans to small industry. May I say to the gentleman that from the experience I have had and from the observations I have made small industries are unable to get loans from the Reconstruction Finance Corporation, and the law that we passed a year ago is only a camouflage to the small industries of America because it does not do what the small industries would like to have done, and that is get relief.

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Speaker, I yield the remainder of my time to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. May I say to the gentleman from Pennsylvania [Mr. RICH] that there was full recognition of that fact by the membership of the committee? That is, to the fact that there were certain limitations placed upon the activities of the Reconstruction Finance Corporation with respect to loans to industry, but those limitations were placed in the bill by the Congress. We have attempted in this bill to remove those limitations which have prevented the R. F. C. from establishing a loan policy with respect to private industry which would enable it to carry out the full intent of Congress.

Mr. RICH. In order to get the relief that the small industries need, the majority party should make recommendations so that we will pass laws which will give them relief.

Mr. WOLCOTT. Unless this bill is passed there can be no change in the policy of the Reconstruction Finance Corporation with respect to loans to small industries, because this House has placed certain limitations in the act which are removed by this bill. If this bill is passed and the conference report is agreed to, the Reconstruction Finance Corporation may expand its policy with respect to small business loans.

Mr. COX. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Georgia.

Mr. COX. To my mind, the gentleman has expressed the proper attitude that the House should take, and I trust that will be the expression which it will give to the report.

Mr. WOLCOTT. I thank the gentleman. Mr. Speaker, I yield back the balance of my time.

Mr. STEAGALL. Mr. Speaker, I do not like to enter into a discussion of what took place in conference with Members of the Senate on this legislation. I will say that the conferees on the part of the House obtained everything that the House asked for of substantial importance except two amendments. The greater part of yielding was on the part of the conferees of the Senate.

The House conferees did not hastily or carelessly recede on the amendment which is now under discussion. We made a stubborn fight to retain that provision in the bill. I may say for every member of the conference committee of the House—and I think I would be safe in saying for every member of the Banking and Currency Committee—that they share the views of the gentlemen who have discussed this matter and who have given it extended study and consideration. I have no doubt that they have done a splendid work and that they have discovered many evil practices

that need to be corrected. But, Mr. Speaker, the bill before us is in the nature of an emergency act. The time within which the Reconstruction Finance Corporation may operate under existing law will expire at the end of today, and unless this legislation is enacted it will in all probability necessitate a complete reorganization of the Reconstruction Finance Corporation with all the confusion and disturbance incident to such a procedure.

It is not the fault of anyone that this legislation was not passed sooner. We have only been in session a few days, and it takes time to prepare legislation of this kind. The committee heard everybody who could be heard within the time allowed. We adopted an amendment which we understood embodies a provision acceptable to the gentlemen who are interested especially in this particular provision.

We were led to believe that our action met the wishes of members of the special House committee who are pressing this amendment. The amendment reported in the original House bill would permit the Reconstruction Finance Corporation to extend aid to institutions established to reorganize companies lending upon real-estate mortgages upon approval of the Securities Commission.

An additional amendment was included in the House, which was hastily drawn and immaturely considered. While I do not mean to criticize, I submit to any lawyer in the House now that if he will read the amendment that the House adopted he will agree that it is absolutely meaningless and cannot accomplish what the gentlemen have in mind.

However, it is true that the amendment could have been perfected, but we ran against a disagreement in the conference. Somebody had to yield. The Senate yielded to the conferees of the House in every instance of material importance except two, and there were quite a number of far-reaching amendments.

Let me say also that this bill goes further in liberalization of the activities of the Reconstruction Finance Corporation than any legislation that has been heretofore enacted. We have done what we have been urged to do in simplifying the provisions for the relief of industry in the United States, which seems to be more urgently demanded than any legislation affecting the Reconstruction Finance Corporation.

This particular provision should not be passed without being considered by some committee that may hear representatives of different views touching such legislation and be prepared to furnish the House the information it ought to have before acting upon a matter of such importance.

I dare say some such legislation should be passed. I dare say some such legislation will be passed if these gentlemen, as I am sure they will, present the matter to the Committee on Interstate and Foreign Commerce through proper and orderly channels. I have no doubt it will be considered. Surely these gentlemen—and I refer particularly to the gentleman from New York, the Chairman of the Rules Committee of the House—are in position to secure consideration of legislation in an orderly way without criticism of members of the conference committee, because we are unable to secure acceptance of a provision which we ourselves have never had opportunity to consider as such legislation ought to be considered before its enactment.

Mr. O'CONNOR. Mr. Speaker, having referred to me, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. O'CONNOR. It is a strange coincidence that the conferees on the part of the House who had no sympathy whatsoever with these two amendments, and opposed one of them in the Committee of the Whole, simply yielded on these two amendments.

Mr. STEAGALL. I will say to the gentleman that he knows better than I that members of a committee—and certainly the chairman of a committee—are supposed to support the bill which the committee brings into the House, and this is all that was done in this instance. We had a provision which we understood was satisfactory to the gentlemen who wanted this legislation. When the additional amendment was offered, I say to you now that I did not understand its full, technical significance, and I make the as-

sertion there are not 13 Members of the House now who understand just fully the legal import of this amendment as it was originally drawn; and any lawyer here will discover that this is true if he will take time to read the amendment.

Mr. Speaker, this legislation should take its regular course and be fully and properly considered before the House should be called upon to act on a matter so technical, so involved, and so important.

The officials of the Reconstruction Finance Corporation may be trusted just as well as any other agency of the Government to safeguard funds supplied by the Corporation. The amendment would only lead to confusion and handicap officials of the Reconstruction Finance Corporation, who assure us that they desire to follow implicitly the wishes of the Congress.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. BLANTON. Is it not a fact that the emergency of getting this bill passed today is a responsibility that rests just as heavily upon the Senate as upon the House?

Mr. STEAGALL. It certainly does.

Mr. BLANTON. Then why should not the Senate give in?

Mr. STEAGALL. I will say to the gentleman that the Senate gave in 10 times where we gave in once. There is nothing in the contention here that the House went over and asked the Senate what it wanted. We got everything we asked, except two amendments, and we fought until night for them. In view of the fact that today is the last day on which the Corporation can function without this legislation, and in view of the insistence here and throughout the country for a continuation of the activities of the Corporation and for the liberalization of its powers as provided in this bill, we did not think we should walk out of the conference and defeat the passage of this measure today, which would have been the result if an agreement had not been reached.

Mr. Speaker, I move the previous question on the conference report. [Applause.]

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were—ayes 122, noes 21.

So the previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were—ayes 134, noes 28.

Mr. O'MALLEY. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and ninety-three Members present, not a quorum.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 310, nays 72, answered "present" 1, not voting 48, as follows:

[Roll No. 12]

YEAS—310

Adair	Burch	Cooper, Tenn.	Driscoll
Andrew, Mass.	Burnham	Corning	Driver
Andrews, N. Y.	Caldwell	Costello	Duffey, Ohio
Arnold	Cannon, Mo.	Cox	Duffy, N. Y.
Ashbrook	Cannon, Wis.	Cravens	Duncan
Ayers	Carden	Crosby	Eagle
Bacharach	Carlson	Cross, Tex.	Eaton
Bacon	Carmichael	Crosser, Ohio	Eckert
Barden	Carter	Crowe	Edmiston
Belter	Cary	Cullen	Eicher
Bell	Castellow	Cummings	Ekwall
Berlin	Cavicchola	Daly	Ellenbogen
Biermann	Celler	Darden	Engel
Blackney	Chandler	Darrow	Evans
Bland	Chapman	Deen	Faddis
Blanton	Christianson	Delaney	Farley
Bloom	Church	Dempsey	Fenerty
Boehne	Citron	Dickstein	Fernandez
Boland	Clalborne	Dies	Fiesinger
Boylan	Clark, N. C.	Dietrich	Fish
Brennan	Cochran	Ditter	Fitzpatrick
Brewster	Coffee	Dobbins	Flannagan
Brown, Ga.	Colden	Dondero	Focht
Brunner	Cole, Md.	Dorsey	Ford, Calif.
Buchanan	Cole, N. Y.	Doughton	Ford, Miss.
Buck	Collins	Doutrich	Frey
Buckbee	Colmer	Doxey	Fulmer
Bulwinkle	Cooley	Drewry	Gearhart

Gifford	Kocialkowski	Parsons	Spence
Gillette	Kramer	Patman	Stack
Gingery	Lambeth	Patton	Starnes
Goldsbrough	Lamneck	Pearson	Steagall
Goodwin	Larrabee	Peterson, Fla.	Stewart
Granfield	Lea, Calif.	Peterson, Ga.	Summers, Tex.
Green	Leibach	Peyser	Sutphin
Greenwood	Lewis, Colo.	Pfeifer	Sweeney
Greever	Lloyd	Pittenger	Taber
Gregory	Lord	Plumley	Tarver
Guyer	Ludlow	Powers	Taylor, Colo.
Haines	McAndrews	Quinn	Taylor, Tenn.
Hamlin	McClellan	Ramsay	Thom
Hancock, N. Y.	McCormack	Ramspeck	Thomas
Hancock, N. C.	McGrath	Randolph	Thomason
Harlan	McKeough	Ransley	Thompson
Hart	McLaughlin	Rayburn	Tinkham
Hartley	McLean	Reece	Tolan
Healey	McReynolds	Reed, Ill.	Tonry
Hennings	McSwain	Reilly	Treadway
Higgins, Conn.	Mahon	Richards	Turner
Higgins, Mass.	Maloney	Robertson	Umstead
Hildebrandt	Mansfield	Robinson, Utah	Underwood
Hill, Ala.	Marshall	Robson, Ky.	Vinson, Ga.
Hill, Knute	Martin, Colo.	Rogers, Mass.	Vinson, Ky.
Hill, Samuel B.	Martin, Mass.	Rogers, N. H.	Wadsworth
Hobbs	Massingale	Rogers, Okla.	Walter
Hollister	Mead	Romjue	Warren
Holmes	Meeks	Rudd	Wearin
Hope	Merritt, Conn.	Russell	Weaver
Huddleston	Merritt, N. Y.	Ryan	Welch
Igoe	Millard	Sanders, La.	Werner
Imhoff	Miller	Sanders, Tex.	West
Jacobsen	Mitchell, Ill.	Sandlin	Whelchel
Jenckes, Ind.	Mitchell, Tenn.	Schaefer	White
Jenkins, Ohio	Monaghan	Schuetz	Whittington
Johnson, Tex.	Montet	Schulte	Wigglesworth
Johnson, W. Va.	Moran	Scrugham	Wilcox
Jones	Mott	Sears	Wilson, La.
Kahn	Murdock	Seger	Wilson, Pa.
Kee	Nelson	Shanley	Wolcott
Keller	Norton	Shannon	Wolfenden
Kelly	O'Brien	Short	Wolverton
Kennedy, N. Y.	O'Connell	Smith, Conn.	Wood
Kenney	O'Day	Smith, Va.	Woodruff
Kerr	Oliver	Smith, Wash.	Woodrum
Kinzer	O'Neal	Smith, W. Va.	Zimmerman
Kleberg	Owen	Snell	Zioncheck
Kloeb	Palmisano	Snyder	
Knutson	Parks	South	

NAYS—72

Allen	Lundeen	Luckey	Polk
Amle	Glichrist	McFarlane	Rabaut
Andresen	Gildea	McGehee	Rankin
Arends	Gray, Ind.	McLeod	Rich
Binderup	Gray, Pa.	McMillan	Sabath
Bolleau	Griswold	Maas	Sadowski
Buckler, Minn.	Gwynne	Mapes	Sauthoff
Burdick	Hoepfel	Marcantonio	Schneider
Carpenter	Hoffman	Maverick	Secrest
Cartwright	Hook	May	Stefan
Connery	Houston	Michener	Thurston
Culkin	Hull	Moritz	Tobey
Dirksen	Johnson, Okla.	Nichols	Truax
Dunn, Pa.	Kimball	O'Connor	Turpin
Ferguson	Kniffin	O'Malley	Utterback
Fletcher	Kvale	Patterson	Wallgren
Fuller	Lee, Okla.	Pettengill	Withrow
Gehrmann	Lemke	Pierce	Young

ANSWERED "PRESENT"—1

Kopplemann

NOT VOTING—48

Bankhead	DeRouen	Hess	Perkins
Beam	Dingell	Kennedy, Md.	Reed, N. Y.
Bolton	Disney	Lambertson	Richardson
Brooks	Dockweiler	Lanham	Scott
Brown, Mich.	Dunn, Miss.	Lesinski	Sirovich
Buckley, N. Y.	Englebright	Lewis, Md.	Sisson
Casey	Gambrill	Lucas	Somers, N. Y.
Clark, Idaho	Gasque	McDuffie	Stubbs
Cooper, Ohio	Gassaway	McGroarty	Sullivan
Crawford	Gavagan	Mason	Taylor, S. C.
Crowther	Greenway	Montague	Terry
Dear	Harter	O'Leary	Williams

So the conference report was agreed to.

The following pairs were announced:

Mr. McDuffie with Mr. Reed of New York.
 Mr. Lanham with Mr. Cooper of Ohio.
 Mr. Bankhead with Mr. Hess.
 Mr. Montague with Mr. Perkins.
 Mr. Cox with Mr. Lambertson.
 Mr. Disney with Mr. Englebright.
 Mr. Gavagan with Mr. Crowther.
 Mr. Sullivan with Mr. Hancock of New York.
 Mr. Greenway with Mr. Bolton.
 Mr. Taylor of South Carolina with Mr. Crawford.
 Mr. Dockweiler with Mr. Mason.
 Mr. Lucas with Mr. Buckley of New York.
 Mr. Lewis of Maryland with Mr. McGroarty.
 Mr. Beam with Mr. Scott.
 Mr. Dear with Mr. Brooks.
 Mr. Gasque with Mr. Sisson.

Mr. Williams with Mr. Stubbs.
 Mr. Terry with Mr. Gassaway.
 Mr. Gambrill with Mr. Dunn of Mississippi.
 Mr. Richardson with Mr. DeRouen.
 Mr. Somers of New York with Mr. Casey.

The following Members changed from "no" to "aye":
 Mr. WOODRUFF and Mr. O'BRIEN.

The following Members changed from "aye" to "no":
 Mr. HOOK and Mr. CONNERY.

The result of the vote was announced as above recorded.

A motion by Mr. STEAGALL to reconsider the vote whereby the conference report was agreed to was laid on the table.

PUERTO RICO

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 12 of the act of Congress of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes", I transmit herewith, for the information of the Congress, the Thirty-fourth Annual Report of the Governor of Puerto Rico for the fiscal year ended June 30, 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 31, 1935.

AVIATION

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee of the Whole House on the state of the Union and ordered to be printed:

To the Congress of the United States:

I am submitting herewith the report of the Federal Aviation Commission appointed by me last summer by direction of the Seventy-third Congress. The Commission has made a diligent study of the broad subject of aviation conditions here and elsewhere and emphasizes the excellent American progress in this new form of transportation. The Commission has also studied problems of national defense, of procurement policies, and of the extension of air-transport services. I invite your attention to these comprehensive surveys.

As I have suggested on many occasions, it becomes more and more apparent that the Government of the United States should bring about a consolidation of its methods of supervision over all forms of transportation. When the Interstate Commerce Commission was created in 1887 the railroad was practically the principal method of rapid interstate transportation. Since that time this monopoly of transportation enjoyed by the railroad, to a very important degree, has been limited by the development of the automobile and good interstate roads. Recently water transportation by lake, by river, by canal, and by ocean has, largely through the construction of the Panama Canal and our inland waterways, definitely brought ships and shipping into the general interstate field. More recently still, air transportation has become an element. All of these developments have changed the general problem of transportation and the concern of the Government with them. A number of valuable reports have been prepared on these related questions. The report of the Federal Coordinator of Transportation has already been submitted to the Congress by the Interstate Commerce Commission. The report deals with the many problems relating to busses, trucks, water carriers, and railroads. Other reports of departmental committees on ocean mail subsidies have been completed. This present report on aviation is a similar source of information and advice concerning transportation by air. I earnestly suggest that the Congress consider these various reports together in the light of the necessity for the development of interrelated planning of our national transportation. At a later date I shall ask the Congress for general legislation centralizing the supervision of air and water and highway transportation with adjustments of our present methods of organization in order to meet new and additional responsibilities.

There are detailed questions, however, that require early action. Our extended mail contracts with air lines expire on or about March 1 and existing legislation dealing with primary and secondary routes should be revised before that time. The Commission suggests that the Interstate Commerce Commission be given temporarily the power to lower or increase air-mail rates as warranted in their judgment after full investigation. The purpose of this is to prevent the destruction of any efficiently operated part of the present system pending suitable consideration by the Congress of what permanent measures should be taken and what amendment, if any, the present general transportation policy of the Government should undergo. I concur in this recommendation of the Federal Aviation Commission, provided always that the grant of this duty to the Interstate Commerce Commission be subject to provisions against unreasonable profits by any private carrier. On account of the fact that an essential objective during this temporary period is to provide for the continuation of efficiently operated companies and to guard against their destruction, it is only fair to suggest that during this period any profits at all by such companies should be a secondary consideration. Government aid in this case is legitimate in order to save companies from disastrous loss, but not in order to provide profits.

The Commission further recommends the creation of a temporary air commerce commission. In this recommendation I am unable to concur. I believe that we should avoid the multiplication of separate regulatory agencies in the field of transportation. Therefore, in the interim before a permanent consolidated agency is created or designated over transportation as a whole, a division of the Interstate Commerce Commission can well serve the needs of air transportation. In the granting of powers and duties by the Congress, orderly government calls for the administration of executive functions by those administrative departments or agencies which have functioned satisfactorily in the past, and, on the other hand, calls for the vesting of judicial functions in agencies already accustomed to such powers. It is this principle that should be followed in all of the various aspects of transportation legislation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 31, 1935.

Prior to the reference the following occurred:

Mr. BLAND. Mr. Speaker, before the message is referred, I wish to make a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLAND. The message relates to aviation matters that come within the jurisdiction of the Committee on Merchant Marine, Radio, and Fisheries. It also relates to matters that come before the Interstate Commerce Commission. It seems to me that it is highly objectionable that a message of this kind should be referred to one committee.

The SPEAKER. The Chair has the idea of referring the message to the Committee of the Whole House on the state of the Union, and later when the bills are introduced they will be referred to the proper committees. The message, with the accompanying papers, will be referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

The Chair is informed that these aviation reports are available in the document room to any Member who desires to secure a copy.

FEDERAL REGULATION OF WATER CARRIERS

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the message just read.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOUSTON. Mr. Speaker, when Joseph B. Eastman became a member of the Public Service Commission of Massachusetts 20 years ago, an old and experienced colleague advised him to hang up in his office the motto, "You never regret having said too little." Recently he has been neglecting that motto and has taken the risk of quite considerable

talking. Most of it has been said about railroads and highway carriers. He now spreads the risk by talking principally about water carriers.

As Federal Coordinator of Transportation he has a duty which relates only to the railroads, namely, to do what he can to help or require them to eliminate duplication and other forms of waste. He has another duty, however, which relates to "transportation in all its forms", and that is to consider means of improving transportation conditions throughout the country and recommend to the President and Congress further legislation to that end. There is nothing whatever in these instructions which would justify him in preferring one form of transportation over another. The duty is precisely the same for water transportation as for rail transportation. They are all entitled to the same fair treatment. What the country needs is the best system of transportation that can be provided, and one which will utilize every means of transport—whether rail, water, highway, air, or pipe—to the best advantage, each in its proper place and with a maximum of cooperation and a minimum of uneconomic duplication and waste. Now, one great trouble, as I see it, is that while transportation is a very live subject and there is plenty of talk about it, the talk is mostly by partisans. Each form of carriage has its own particular watchdogs, and to make the melee still hotter there is another line-up of the watchdogs of the investor, of labor, of shippers, and of communities. The only interest which has lacked a watchdog has been the general public interest. I am trying to occupy a small part of that vacancy and living in hope that I shall not be chewed up in the attempt.

The problem is even something more than a transportation problem. Take the railroads. They still form, as is so often said, the backbone of our transportation system. Their health is essential to sound transportation health. But they also constitute one of the largest industries of the country and are normally among its largest consumers, particularly of capital goods. The railroads suffer when general business suffers, but this statement is equally true if reversed. Normal expenditures by the railroads would go far to break the back of the depression. From another angle their securities have in the past had such a high place in the investment market that they are to be found in the portfolios of practically all fiduciary, educational, and benevolent institutions. In one way or another most of the people of the country have a financial stake in the railroads. Serious and wide-spread impairment of their securities, therefore, has far-reaching and demoralizing consequences quite apart from any transportation effect.

I bring this out, not with any idea that on these accounts the railroads should be given any favored treatment over their competitors, or that they do not have any sins of commission or omission to answer for, but simply to show the importance in this instance of a square deal and of protection against any uneconomic development in transportation which cannot be supported from the point of view of the general public interest.

The thesis which I am going to undertake to defend here is Federal regulation of all important forms of transportation, including water carriers and their port-to-port rates, by the Interstate Commerce Commission. But let me lead up to this gradually. For many years the Federal Government has been regulating the railroads, and for the past 15 years that regulation has been quite comprehensive and complete. I believe that I can show you that the present development of water transportation in the Mississippi Valley has been dependent upon this regulation of the railroads. The Government barge line began operations during the World War. Early in 1923, in an important decision written by Mr. Eastman, and which involved that barge line, the statement was made that for at least 20 years prior to the beginning of its operations "there was no common carriage of consequence on the lower Mississippi." You know one great reason for that. Many years before there had been fleets of steamboats on every navigable river in the South. The railroads cut their rates to meet this competition, main-

taining higher rates to and from intermediate points, and finally the boats gave up the battle. You also know the legal difficulties which the Commission encountered in enforcing the fourth section of the act, with its long-and-short-haul clause, and the gradual strengthening of that section.

On December 2, 1919, however, the Commission rendered a decision in the so-called "Memphis-Southwestern investigation", which was a landmark. The United States Railroad Administration did not defend the depressed rates at the river points and the Commission denied the fourth-section relief necessary to maintain them. At that time not a boat was operating between St. Louis and New Orleans, except the small fleet of Government barges, nor between Memphis and New Orleans or Memphis and Vicksburg or Vicksburg and New Orleans.

This decision of the Commission was followed by others of like effect, and gradually the rates were revised to what was called a "dry-land" basis. That, together with the construction of better channels, gave water navigation on the Mississippi River and tributaries its opportunity to redevelop. But this is not all of the story. The barge lines have insisted from the beginning that they could not live on port-to-port traffic alone. It was essential that they should have a full line of joint rates with connecting railroads, and that these rates should be made differentially lower than the corresponding all-rail rates. Not all, but many, of the railroads were unwilling to concede such rates, and they had a plausible defense, pointing out that such through rail-barge operations are very different from through all-rail operations, since they involve the unloading and reloading of the lading at the transfer port. They also argued that if joint rates were compelled, they were entitled to divisions equal to their local rates to and from the port, since the same or more service is necessary as for local operations.

The Commission did not accept these railroad arguments, but required the establishment of many of these differential joint rates and prescribed divisions for the railroads which were normally much lower than their local rates and less favorable, often, than the divisions which they received from connecting rail lines. Some seem to think that the barge lines have been brutally treated by the Commission and by the railroads in this matter of joint rates.

The fact is that from the beginning they have had many such rates, that for a long time they have had a liberal supply, and that they have close to a complete supply at the present time. The barge-rail and rail-barge rates spread throughout trunk-line central, southern, western trunk-line, and southwestern territories. The chief deficiency is in rail-barge-rail rates, and there is a good supply of these between central territory and the Southwest and the Mississippi Valley, and between much of western trunk-line territory and the valley.

The Commission is accused of great delay in this matter. The Commission has no apology to offer, for they believe none to be due. Millions of new rates were involved. The barge lines asked for many which could not reasonably be granted. There is no possible justification, for example, for a differential rail-barge rate where the rail portion of the haul is longer than the total distance over the normal all-rail route. The Commission had to set limits to the joint rates which it would require, and there was no way of doing this except by formula. It took time and much labor to apply the formula to the many millions of possible rates. Much, if not most, of the work has been done by the railroads, and the barge lines have never officially accused them of any lack of diligence. No formula is ever wholly satisfactory, and this one has been criticized; but the Commission has asked the critics to produce a better one which would hold the rates within proper limits, and none has been forthcoming.

I think you will agree that Federal regulation of the railroads with respect to fourth-section departures, the establishment of joint rates with connecting rail lines, and the fair division of those rates has had much to do with the rebirth and growth of water navigation in the Mississippi Valley. Not only that, but the water lines continually invoke the

power of the Commission to check railroads' rate cutting. This is true not only of the barge lines but also of the coast-wise, intercoastal, and Great Lakes carriers. Such appeals have not been as successful as the water lines would like, but the crux of that trouble is that the Commission does not have complete control over the situation. It has no authority over the port-to-port rates. Until that deficiency is cured, the trouble will remain. Let me quote from one of these cases, decided by the Commission in 1933:

Just what rates the water carriers are charging is impossible to say. Being unregulated, they do not have to publish their rates, are free to change them at will without previous notice, may pay rebates, give allowances, make absorptions, provide storage, perform special services, allow special privileges, and otherwise, secretly or openly, favor individual shippers. The record indicates that these things, representing concessions of several cents per 100 pounds, are indulged in to a very considerable extent by water carriers from New York. As they are matters particularly within the knowledge of the water carriers, and as those carriers have not offered us sufficiently definite advice in regard thereto, *we may be justified in giving respondents the benefit of any doubts.* (Italics supplied.)

The statement is made that the shippers do not want regulation of port-to-port rates. There is plenty of evidence to the contrary. As one illustration, I have in my files a long document sent to me on June 15, 1934. After protesting at length against port-to-port rates published by the Federal barge line on grain, it winds up with this paragraph:

The cost of transportation is an important factor in the movement of grain crops, and such charges, where they apply to steam or water carriers, should be fixed by the Interstate Commerce Commission, which body, when deciding a case, is not bound by a local situation, but considers the country as a whole, not only from the transportation viewpoint but from the commercial side as well.

That statement was signed for the Merchants Exchange of St. Louis by its president. I express no opinion as to the merits of the controversy, but offer the statement merely as an indication of the public interest in port-to-port rates. Two or three years ago a port-to-port rate was proposed on cotton from Memphis to New Orleans, and the proposal precipitated a small-sized riot, in which many shippers joined on one side or the other. It was necessary for the Secretary of War, with the aid of the Commission, to improvise a rate tribunal to consider this matter. Last spring the question came up again, and, to some extent, the controversy was composed.

Why, when all the rates of their rail competitors are regulated to the great advantage of the water lines, should their own rates be exempt? The answer is given, the railroads are monopolistic, whereas port-to-port traffic is inherently competitive. The fact is that there has always been keen and wide-spread competition in the railroad field between the railroads themselves and with the water lines. Now the railroads are beset on all sides by the further competition of the private automobile, the truck, the bus, the airplane, the pipe line, and the electric transmission line. If transportation which is competitive ought not to be regulated, railroad regulation could be reduced to very small proportions; and there is strict logic in such a proposal, if the entire field is not to be covered by sane and comprehensive regulation. However, I am sure that the country does not want any such thing. Certainly the carriers do not, and least of all the water carriers. If you will read your history you will find that Federal regulation of the railroads was precipitated much more by the abuses of competition than by the abuses of monopoly, although both entered in. Owing to the rapid growth of other forms of transportation and our failure to cover the entire field with regulation, we now have a situation very like that which caused railroad regulation.

What the country needs, as I have already indicated, is the best and cheapest combined system of transportation consistent with fair treatment of labor and with earnings which will support adequate credit and the ability to expand as need develops and take advantage of all improvements in the art of transportation. This system must be in the hands of reliable and responsible operators whose charges for service will be known, dependable, and reasonable and free from unjust discrimination. Unregulated competition will destroy instead of provide such a system. If experience

teaches anything, it teaches that, and there is no escape from the consequent conclusion that the whole system must be brought under centralized control.

This control must concern itself with planning and prevention as well as with the cure of evils after they arise. It must deal with the future provision of new facilities, with the proper coordination of those which exist, and with the development of sound general policies affecting both service and rates. It must prevent unjustifiable duplication and waste; promote the use of each agency of transportation, in cooperation with the others, primarily in the service to which it is economically best adapted; check the forms of endless chain rate-cutting or service promotion which have come to be known as "destructive competition"; and protect the public against unreasonable charges and unfair discrimination. Last March a bill was submitted for the regulation of water carriers by the Interstate Commerce Commission. There was no thought that this bill was a perfect document, or that critics would not point out ways in which it could be improved.

Such criticism was expected and invited. One particular target of attack has been the proposed regulation of so-called "contract and private carriers", although this criticism is conflicting. One critic thinks that the private carriers will be put out of business; another thinks that they will multiply and thrive at the expense of the for-hire carriers. The agencies which we should especially foster and cherish are the common carriers, who hold themselves out to serve all alike, whether they be big or little. The main purpose in the proposed regulation of the contract and private carriers is to protect these common carriers against unfair and hurtful competition. Certainly there is no desire to cripple contract or private operations which are in the public interest, and, no doubt, there are many such.

There has also been much talk, more or less demagogic, that the whole purpose of regulating water and motor carriers is to elevate their rates for the protection of the railroads. So far as the water carriers are concerned, my observation is that the railroads are more anxious to have their own hands freed from fourth-section fetters and the like than they are to have their competitors regulated. In this I think that they are wrong. However, there is no purpose to raise any water rates above a level which can be economically justified from the standpoint of water transportation alone; and if it is desired that such a principle be written into the bill, there is no objection.

Personally I believe that the opportunities for private carriage in both water and motor transportation will produce much the same result in any event. Finally there is the slogan that the Interstate Commerce Commission is "railroad-minded." If any evidence to that effect can be found in its treatment of barge-rail rates and the divisions thereof in the Mississippi Valley, it has certainly escaped the notice of the railroads. However, if the Commission is to have the enlarged jurisdiction over other forms of transportation which is proposed, it should be reorganized for its own good and in order that it may conduct its business with maximum efficiency. In such a reorganization, adequate provision can be made for the specialized consideration of the individual problems of the different forms of transportation, and for the procurement of adequate expert assistance to that end.

There is one other matter which I wish to mention briefly before I am through. The Government has been working for months on the question of the extent to which various forms of transportation are subsidized, directly or indirectly, by Government, including the railroads, the water carriers, the highway vehicles, and the air carriers. There has been an enormous amount of ground to cover, and it has proved to be a work of great difficulty. Every time the end seems near, something new turns up. When the report is finally issued, I am afraid it will take the form of ponderous tomes, although an effort will be made to boil it down.

When a government expends money on waterways there may be more than one purpose. Flood control, soil con-

servation, and the development of water power may be among these purposes, as well as navigation. In considering the latter, expenditures for other purposes must, so far as possible, be eliminated. When there has been such segregation of navigation expenditures, however, I see no logical escape from the conclusion that they must be taken into consideration in determining the total cost of navigation on the waterway, along with the operating expenses and overhead charges of the boats. The fact that they are borne by the Government does not make them any the less actual costs.

Assuming that this is the correct conclusion, as I believe it to be, two different questions arise. One has to do with the construction of new waterways or similar projects, and the other has to do with those which already exist. So far as new projects are concerned, the question is whether, considering the total cost involved, which must be borne by someone, the navigation has any important advantages over means of transportation which are already in existence and available. If this question cannot be answered in the affirmative, I am unable to see how the project can be justified. So far as waterways which are now in existence are concerned, the question is whether the portion of the cost which is being borne by the general public through the Government ought to be and can be shifted, in whole or in part, to the shoulders of those who use and gain direct advantage from the waterway, in accordance with the principle which is now followed to a considerable degree in case of the Panama Canal.

To my mind that principle is inherently sound, and the question resolves itself chiefly into one of practicability. The waterways are there, and it may well be that a complete shift in this burden would dry up their use. No similar burden is always imposed upon the railroads, because many of them cannot and do not pay a full return upon the investment, although it is true that in the long run there must normally be such a return if the railroads are to be conducted by private enterprise. Furthermore, the railroads are themselves extensive users of navigation improvements, and there are some subsidy skeletons in their own closet. The situation may be different, however, as to that part of the expenditure which is for maintenance, for that would be saved if the waterway were not used. To date I have not probed this question of practicability to the bottom, but I am clear that the whole matter is one which merits the most careful consideration.

In the old days the railroads drove the steamboats off the rivers by giving very low rates to the points which they served. The result was that these river points had a preferential railroad rate adjustment. So long as they continued to have it, they were not greatly concerned with the redevelopment of water transportation. When they were deprived of it through the operation of the fourth section, they began to look about for means whereby it could be restored.

There is danger that this desire for preferment may impel the construction of uneconomic waterway projects. So long as the waterway can be justified on sound economic grounds, no one has a right to complain. There is ground for complaint if a substantial part of the cost is to be borne by those who are not directly benefited, and especially if this results in unfair injury to competitors.

Let me in concluding say that there is, in my judgment, no more important problem before the country than the transportation problem, and few that are more difficult to solve. I do believe, however, that the country is beginning to appreciate its importance and to see it in its entirety, and not merely its edges and angles and pieces. The essentials of the problem are beginning to come to light, and the need for dealing with it on broad lines and through some centralized and comprehensive form of control. Ultimately we shall find and apply the answer. In the meantime I hope that you will think not solely in terms of railroads or waterways or highway vehicles or airplanes, but in terms of transportation, and keep in mind the only important end, which is the general public interest.

HOUSE JOINT RESOLUTION 88

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that I may have until 12 o'clock tonight to file a conference report on House Joint Resolution 88, making appropriations for the Federal Communications Commission, the National Mediation Board, and the Securities and Exchange Commission for the fiscal year ending June 30, 1935.

The SPEAKER. Is there objection?

There was no objection.

AGRICULTURE—FARMERS' LOANS

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3247) to meet the conditions created by the 1934 drought and to provide for loans to farmers in drought- and storm-stricken areas, and for other purposes, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER appointed the following conferees on the part of the House: Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. HOPE, and Mr. KINZER.

FRONTIER DEFENSE

Mr. WILCOX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILCOX. Mr. Speaker, on January 17 I introduced a bill, H. R. 4130, of far-reaching importance to the welfare and security of the Nation. I am not prepared to say that the future existence of our country depends solely upon its enactment into law nor that the failure of Congress to pass it will result in immediate disaster, but I do believe and contend that no one measure is or can be of greater importance to the preservation of our national integrity and the protection and defense of our country as a whole. The bill as drawn proposes the construction of a series of frontier defense bases for the use of the Army air forces. It is proposed that each of these bases shall be of sufficient size to accommodate one "wing" of 132 planes, with the personnel required for such a unit, but with landing fields and fuel facilities to accommodate a thousand planes in emergencies. The measure proposes that these bases shall be located at strategic points, to be designated by the Secretary of War, along the frontiers and in the possessions.

I desire to call attention at this time to the necessity for the installation of these bases, as well as to discuss briefly what it is expected will be accomplished thereby.

At the outset, however, and before proceeding to a consideration of the conditions which make the adoption of this plan a national necessity, let me say that this bill proposes a series of Army bases and is in no way intended to supplant, supersede, or interfere with naval aviation. Let me say, further, at the outset, that the bases here proposed are in addition to the bases now established in the interior of the country. I want to emphasize also that this is not a local measure nor a "pork barrel" bill; it is not a partisan political measure, but has as its purpose the protection and defense of the whole Nation, without regard to political or sectional considerations; and, if adopted, will provide an adequate system for the defense of the entire United States insofar as air power is concerned.

I am not an alarmist and I do not subscribe to the theory that war is inevitable. On the other hand, I likewise do not believe that we can ignore the plain lessons of history, and I am sure that it is the height of folly to close our eyes to world conditions as they are today.

For a hundred and fifty years the United States, secure in its isolation, has pursued a policy of unpreparedness. We are not a militaristic people, and except for our experiments with Puerto Rico and the Philippines we have had no imperialistic ambitions. We have inherited none of the racial hatreds which have been the curse of some peoples. We have not coveted any of the territory of other countries,

and we have wanted none of their gold, except such as could be acquired in the legitimate channels of trade.

Having no cause to make war on any other country and being isolated by an ocean on either side of us, we have felt no cause for alarm and have seen no necessity for maintaining a large military establishment. Being at peace with the world, we have been content to pursue the even tenor of our way, secure in the thought that the troubles of other people in no way concern us. But the utter folly of this attitude was thoroughly and completely demonstrated in the World War.

In 1914, with every major power in Europe engaged in trying to annihilate each other, we were at peace. We had no quarrel with any of them. The fight did not concern us. And yet by 1917 we had been drawn into the conflict, and, as a result, thousands of the flower of our young manhood were sacrificed, and thousands more were ruined for life.

Today the same conditions exist that were prevalent in 1914. The same age-old jealousies exist, the same hatreds, and the same ambitions are there. Europe is once again an armed camp with each power sleeping with its hands on its weapons. All that is needed to touch off the powder keg is some such incident as happened at Sarajevo in 1914.

War in Europe may not be inevitable, but it is at least a possibility, and those who believe that the United States can escape uninjured when it comes have not profited by the lessons of the World War.

In addition to the European danger it might be well to consider also our situation from the other side of the world.

At the close of the World War the United States occupied a commanding position among the naval powers of the earth. But because we earnestly and sincerely desired peace, and because we desired to prevent another armaments race, our country initiated the movement which resulted in the naval limitations treaty. This treaty, if lived up to in the spirit as well as in the letter, would have provided and continued to provide a balance between the nations which would have insured peace for all time.

Japan, however, has seen fit to serve notice that the treaty will not be continued, and has thereby challenged us to another naval armaments race. This action upon the part of Japan cannot be justified by the excuse that the United States is meddling in far-eastern affairs, because we have recently given a practical demonstration of our withdrawal from that field by granting independence to the Philippines. She has no enemy in the Pacific and no reason for arming herself for defensive purposes. She cannot justify her action as a defensive move, and we are foolish if we do not recognize it as a preliminary to her further conquest of territory. Her action in upsetting the equilibrium of the world, although accompanied by many protestations of good will and friendship, must be looked upon at least with some apprehension. This is particularly true when we recall her recent actions in appropriating Manchukuo.

There is no desire to unnecessarily emphasize the Japanese situation, but we have too much at stake to take a chance. We cannot forget the fact that Japan has practically no metals nor can we overlook her intense desire to obtain them. And we must not overlook the fact that Alaska is a veritable storehouse of minerals that lies open for attack and conquest.

Our vast territory, our almost unlimited, undeveloped natural resources, our enormous wealth of mineral deposits, our primeval forests, and our hundreds of miles of unprotected shore line must be protected in case the ambitions of the Japanese should lead them into an attempt to extend their empire by appropriating some of our territory in the same manner that they appropriated Manchukuo.

With these conditions existing on each side of us, what is our position? In the event of a conflict in Europe that might result in our being drawn into it, or in the event the war party in Japan should come into control of that nation and it should obey the impulse to expand by the seizure of American territory, is our Nation prepared to defend itself?

The facts, as recently set forth by a high military authority, indicate that with more need for adequate defense than any other nation, we stand third in naval strength, at least sixth in aerial strength, and seventeenth in army strength. This means that we are too weak in every branch of national defense to enable us to protect ourselves against a possible attack. Every phase of our defense system is important and should be strengthened, but our lack of an adequate air force is particularly alarming.

An army fights only another army. Its job is to meet and grapple with another land force. Our Army would be called upon only in the event an opposing army should actually land upon our shores and begin an invasion. That method of warfare could not be profitably pursued against us until after a successful air invasion had rendered us helpless. To transport an army across either ocean in sufficient numbers to make warfare on the ground in the face of a powerful air force would be impossible.

With the development of aircraft as fighting machines the style of warfare changed. In the next war we shall not again see the issue decided by two opposing armies sitting in trenches and shooting at each other. All that ground troops will do or can do is to prevent the opposing army from going forward.

To undertake the transportation of an army across the ocean would be so expensive and cumbersome and then to undertake to subdue our country by piecemeal operations of ground forces would be so slow and tedious that it would not be undertaken, at least until after a decisive blow had been stricken from the air.

In the next war the enemy will strike quickly, surely, and with deadly effect; not at our Army or Navy, but at the very vitals of the country. The blow will be delivered from the air in an attempt to paralyze the country.

Let us examine the map of the United States. Look at the territory enclosed within a line drawn from Boston to Washington to St. Louis to Chicago to Boston. Within that area is located 45 percent of the population of the United States. This territory is served by 12 trunk-line railroads, with bridges every few miles. The destruction of a few bridges on each of these lines would stop all rail transportation and the movement of food supplies by rail. There are 102 oil refineries within the area. Two or three bombs would completely wreck each of these, and within 30 days there would be no gasoline supply for the movement of food supplies by motor. There are within the area 300 major power plants which are likewise vulnerable and open to destruction from the air. The water supply of each city within the area is equally vulnerable.

And while there is not the concentration of such a large percentage of our national wealth and population in the West, that section is equally vulnerable to an attack from the air.

In case of an attack from the West, I think we may safely assume that Alaska would be the prize which the enemy would seek, but we may also safely assume that the same effort to paralyze industry and destroy the morale of the people of the West would be made that I have indicated would be done in the East if the attack is there. The Columbia River power projects and other great dams and power plants would be sought out for destruction. Fires in the great Northwest woods and other similar destructive tactics would be pursued to make the area uninhabitable and break the morale of the people of the West.

It will be seen, therefore, that a strong and well-equipped enemy air force can, in our present unprepared condition, completely paralyze the centers of population, and, by shutting off their food and water supplies, completely destroy their will to resist.

There is nothing fantastic or visionary about this suggestion. It is not only possible but also entirely feasible and practically certain of accomplishment in the event of war by the United States with a major power, unless, of course, in the meantime, we prepare and equip ourselves so as to combat such an aerial invasion. Enormous flying ships capable

of making a nonstop round-trip flight across the ocean are now not only a possibility but, I am informed by leading authorities on the subject, will be actually constructed in the not-far-distant future.

But whether planes of that size and capacity are ever actually constructed, it is entirely within the range of feasibility and probability that the enemy can launch his planes in midocean from aircraft carriers; or, more practical still, establish bases of operations on any one or more of the scores of islands in the West Indies group, or in Mexico or Central America or Canada, from which his planes can be flown to our centers of wealth and population with perfect ease.

These great flying ships, capable of carrying bombs weighing 2,000 pounds each, can, within a few minutes, do more to destroy the morale of the civilian population and destroy their will to resist than an army of a million ground troops could do in months. With their city water supply shut off and their transportation systems destroyed, thereby shutting off their food supplies, it would be only a matter of days or even hours until the millions of people in our crowded centers would be demanding peace at any price.

Visualize, if you will, New York or Philadelphia or St. Louis after such an invasion. And concede that the enemy has not even attempted any of the brutal and inhuman things that could be done, such, for example, as dropping enormous quantities of poison-gas bombs; but assume that he proceeds in the most economical fashion by destroying the bridges on the railroads leading into these cities and by destroying the water supply and power plants and oil refineries. Hunger, thirst, disease, and fire would force these people to sue for peace within the brief period of a few days.

Instead of the slow, tedious, expensive, and indecisive methods of the past, therefore, the airplane has substituted a new, swift, deadly, and decisive method of warfare. And instead of being protected by oceans and by miles of country between them and our shore line, our inland cities and industrial centers are now open and exposed to attack. So far as war from the air is concerned, there are no inland cities. St. Louis and Cincinnati are as vulnerable to attack from a European enemy as Baltimore or Norfolk.

In spite of the fact that we have millions of people and billions in wealth open to destruction by this new and deadly power, we stand third in naval strength and, at best, sixth in aerial strength.

We must have naval strength sufficient to meet the naval strength of any probable enemy. But the Navy, like the Army, is effective only against a similar force. Naval vessels are not effective against air forces.

"There is no defense against the airplane except the airplane."

The safety, the security, the welfare of the United States and its 130,000,000 people demand that there shall be established an air force sufficient to protect and defend them against any nation or reasonable combination of nations.

Heretofore we have been able to prepare for war after war was declared. But with the development of this new 200-mile-an-hour engine of destruction it is too late to prepare after a deathblow has been stricken. In future warfare the nation which is able to hit first with the most planes will be the victor. The war will be over before preparations can be begun. Our safety and the preservation of our national integrity require that we build an air force second to none and that we do it now.

I have heretofore undertaken to point out that the first phase of any war of the future will be fought in and from the air. In this phase of the war the enemy will undertake by an aerial invasion to paralyze our industrial and transportation systems and thereby weaken the morale of our people and, if possible, destroy their will to resist.

It is not likely that any enemy would try to conduct such an operation from across either ocean. He will first establish bases of operations in nearby territory from which he can launch his attack, and, in addition, will launch other planes from aircraft carriers at sea.

It is imperative, therefore, that we establish a defense system which will enable us to prevent the enemy's crossing our shore line or other frontiers.

The enemy will undoubtedly, as I have tried to point out, strike at our centers of population by destroying our communication systems, food and water supplies, and other vital necessities. The enemy, however, will not spring up in the midst of our interior. He must come to us from outside our country and must first cross our frontiers.

In order that we may effectively defend these great centers of population in the interior, as well as those along our coasts, we must prevent the enemy from crossing our frontiers. And, if possible, we should not only establish an impenetrable wall of defense along the frontiers but our defenses must also be capable of going out and meeting the enemy 500 or a thousand miles from shore. We must be able to meet his air power in the air and engage it in battle and sink his aircraft carriers and destroy his bases of operations.

To accomplish this it is necessary to establish air bases, or aerial defense bases along our frontiers and to locate and equip them in such manner as to form a complete frontier defense. Our frontier defense should consist of defense bases located along our frontiers with supporting units in the interior.

Each frontier defense base should be equipped with sufficient patrol, pursuit, and bombing planes to enable it to defend the territory within the radius of its principal activity. In the event of an attack by the enemy through the front of any unit, the units to the north or south of it as well as the interior units to the rear would, of course, come to its assistance. But the bases along the frontiers should be so located that the enemy could not cross the frontier except through the zone of primary efficacy of one of the bases.

In the bill which I have introduced it is proposed that three frontier-defense bases shall be located on the Pacific coast, with one supporting base in the Rocky Mountain area, one in the New England States, and one on the south Atlantic coast, which, with existing bases in the middle Atlantic area, would afford a complete frontier system for the Atlantic coast. It is also proposed that, in addition to existing facilities, there shall be one similar base in the Great Lakes region and one in the Gulf coast area. It also provides for similar bases in Alaska and Panama.

It is proposed that each of these bases shall be equipped to provide permanent accommodations for 132 planes and necessary personnel, but with landing fields and fueling facilities for a thousand planes in emergencies.

It is, of course, not contended that these bases and their planes and personnel shall constitute the whole of our Army air force. The G. H. Q. force, stationed at interior bases, and which can be moved into any danger zone, will, with the frontier-defense forces, constitute one mobile air force.

Let me illustrate briefly the operation of the frontier bases as I conceive it. For purposes of illustration let us consider the base proposed for southern Florida. In case of war an enemy would desire (1) to establish his own air bases on one or more of the scores of islands in the West Indies group, (2) enter the Gulf of Mexico with his surface ships so as to gain access to the coal and iron of Alabama and the oil of the Southwest, and (3) to destroy or at least gain control of the Panama Canal. The proposed Florida base would be able to destroy enemy bases in the West Indies and prevent their occupancy by the enemy, it would command the entrances to the Gulf and prevent the enemy's surface ships from entering, and it would reinforce and support the defenses of the Canal. It would also prevent enemy air raids along the south Atlantic coast.

By having one "wing" permanently stationed at the base, there would be a force sufficient to reinforce similar forces in the Canal Zone, but by having landing, ammunition, and fueling facilities sufficient to accommodate a thousand planes, the air forces located at interior bases could be concentrated at that point, so as to conduct such offensive or defensive operations as might be necessary. Not only could such forces defend the immediate territory and break up enemy bases on

nearby islands but they could fly out and contact the enemy a thousand miles from shore.

Similarly the bases on the Pacific coast would protect that area.

In peace time the bases would be used as training bases. And by rotating the personnel at appropriate intervals they would gain a more accurate knowledge of every section of the country they are to defend, as well as gain experience in flying under every climatic condition that exists in our country.

The safety of the Nation requires that we shall establish sufficient bases and equip them with sufficient planes and man them with sufficient trained personnel to withstand or offset the attack of any nation or reasonable combination of nations.

War is wrong. But it is the only method by which nations have ever settled their disputes. So long as it exists the United States cannot ignore it. The time, I hope, will come when nations will see the folly of war and will settle their differences of opinion in an orderly, peaceable, and civilized fashion by meeting around the conference table and working them out. But I submit that the day has not yet arrived when the other powers of the earth are willing to follow our leadership in the scrapping of armaments as evidence of their desire to end war. We have shown our good faith by destroying actual battleships while others destroyed only blueprints of proposed ships. We have signed limitation agreements and have lived up to them only to find other parties to the agreement refusing to be bound. Therefore until the day arrives when the other powers have really and truly laid down their arms, our safety and the safety of our institutions demands that we shall have fighting strength in every branch of national defense second to none. To provide less is to fail in the performance of our sacred duty.

UN-AMERICANISM AND OTHER SUBVERSIVE ACTIVITIES

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker, under leave to extend my remarks, I am inserting in the CONGRESSIONAL RECORD a speech delivered by me over radio station KMTR, Los Angeles, Calif., on November 19, 1934. It is as follows:

Our country now faces the problem of un-Americanism. This menace to our present progress has only developed during the past few years. By un-Americanism we mean the action and operations of a group of individuals who are opposed to the Government. Whatever it is the Government is seeking to build up and to develop—they are opposed to. Whatever it is—the un-Americanism is "agin" it.

Un-Americanism and un-American activities do not necessarily mean the activities of foreign-born people. All of us were foreigners a few years ago. Our country was founded by the best stock, by the hardy pioneers who sought to get away from their environment in foreign lands, that they might found a new land and a new country where they could work for an ideal that was denied them in Europe.

Our forefathers came from England, from France, from Germany, Austria, Italy, Ireland, and other foreign lands.

So you see, un-Americanism does not necessarily mean foreigners. Some of our finest people are foreign born. They are working hard to help us keep the land of the free and the home of the brave what it is today. They are among our finest idealists.

The rank and file of the German nation comprises a fine and wonderful group of people. They love their homes, and they seek only to try and live a life of freedom, which is denied them at present because a certain crowd of shrewd political manipulators have usurped and taken over the reins of government.

This select few is seeking to shape the lives and destinies of the great majority of the German people, who, seemingly, have nothing to say about what they want to do.

I am happy to say that hundreds of thousands of German people in this country are loyal to the principles of America and are not in sympathy with the un-American principles of this small group of shrewd politicians who, for the moment, are in charge of affairs in their native country.

During the past year Congress has recognized the great danger from the radicals in America who hate America and all that America stands for. These radicals are opposed to education and progress; they only seek to tear down and destroy. These un-American groups, parading here under the names of Silver Shirts and other organizations have broadcast statements that as soon as Congress adjourned strikes and violence would break out all over the country.

The Government recognizes this growing evil of people who not only do not love their own flag and country, but hate the foundations on which America and Americanism is founded.

I had the honor of being appointed on the Congressional Committee of Un-American Activities, appointed to investigate and remedy this evil.

We have carried on a thorough investigation into the various activities of the un-American organizations, such as the Silver Shirts, the White Shirts, the Black Shirts, and there may be a few other colors in shirts that we do not know about. Thus far these propaganda organizations include the Nazi movement.

One of the outstanding investigations that I conducted personally was the organization of Silver Shirts operating at Asheville, N. C., under various nom de plumes, such as the Liberator, League of Christian Economics, Galahad Press, and others.

As a result of this investigation, indictments have been returned against officers of the organizations for violation of the blue-sky law and other irregularities and misrepresentation.

In order for our country to properly progress we must be freed entirely of these undesirables and aliens who are seeking to destroy us and to undermine our Government and Constitution.

It is a matter of history that a great crisis develops a great man. Napoleon was born of the French Revolution; the original movement in France started as a great cause, but it got beyond itself, and when a great strong man was needed at the helm, Napoleon took charge. The country of France then faced the same great problem there that America is facing today in these un-American activities.

Our greatest American, Abraham Lincoln, was shaped by destiny to take charge of this country at its greatest crisis, the Civil War. The depression and the operation of un-Americanism under different titles prevailed then along the same lines as it does now. Lincoln proved his greatness at the supreme test.

Our present great President, Franklin D. Roosevelt, was the man of destiny in America to take over the helm of this country at an hour when the outlook was really darker than it was at the time that Abraham Lincoln proved his greatness. Roosevelt also knows no fear.

After many years of misgovernment, graft, and corruption, during which officials in high places betrayed their trust, robbed the people, and then were immune from retribution, a great change took place. Our President was responsible recently for a famous banker being sent to prison for betraying his trust. Another man who stole millions, caused poor people to lose millions, has been brought back from foreign shores, where he was seemingly immune from capture, to face his accusers.

Our Committee on Un-American Activities at the next session of Congress is going to do everything within its power to see that a bill is enacted that will make un-Americanism and un-American activities as dangerous a profession to take up as kidnapping or any other felony.

I feel that the one great rule to lay down, to stamp out un-Americanism, is to support President Roosevelt and his policies in everything that he undertakes. He has served the country at the darkest hour in its history; he has routed depression and is giving back employment, and has proved that he is one of the foremost men that have been developed in the history of civilization.

ADDRESS BEFORE STATE CONVENTION, AMERICAN FEDERATION OF LABOR

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAVERICK. Mr. Speaker, last May, in the year 1934—which is about 9 months ago—I made a talk to a State convention of the American Federation of Labor. I was the general counsel for the State Building Trades Council, and I should like to have printed in the RECORD my remarks at that time.

I said on that occasion that the N. R. A. can be an instrument for good or an instrument for evil; and if labor is to get anywhere they must be aggressively and efficiently organized. It begins to appear that—from what has happened in the automobile industry and in many others—labor is losing ground. I do not at this time say whose fault it is. The great industrial corporations are certainly well organized; they have good attorneys and they seem to be staying on top and getting stronger. I said in my talk last May that if the N. R. A. did not protect the rights of labor that it would be the greatest instrument of oppression ever brought to a people.

Undoubtedly, the N. R. A. must be continued—that is, we must have regulation of industry and protection for the rights of labor and of the consumers, but it looks bad for labor right now, and it may be necessary for the working people to demand new leadership in certain places if they are to be successful. The big industrial corporations are not going to do it; the people must do it themselves.

The record of the Texas State Federation of Labor shows the following:

MAURY MAVERICK, of San Antonio, general counsel for the State Building Trades Council, at this time addressed the convention:

"Mr. President, delegates, ladies, and gentlemen, I want everybody to feel we are one happy family. I do not know anything about the politics of labor organizations. Just remember, we are one happy family."

"Most of the speakers who have come before you have been members of labor organizations or their fathers had cards. These speakers all claim some reason for being closely identified with you. All I claim is that I really lived on a farm, have pitched hay, chopped cotton, and fed and milked the cows. But there was no cotton chopper, hay pitcher, or cow milker union, so I never had a card."

"Five or six years ago I became deeply interested in questions vitally affecting those who work. My people have owned land, but most of that land has been taken away from us. Looking at it from a practical and selfish viewpoint, I may have to go to work and get a card, and therefore I want to be friendly with you."

"I have a daughter and a son who are very young, and I am speaking sincerely, for I know they are going to have to go to work; and it will be hard to get work because of all this accumulation of capital in the hands of a few and the improper distribution of wealth. It will be necessary for them when they are older to go to work, but I do not want them to have to become chain-store clerks with numbers to identify them rather than retain their identity and standing in the community through the use of their own names. The opportunity to exercise their own initiative and ambition in some calling or trade that will be honorable and remunerative is my hope for them. I am opposed to all this concentration of wealth and this vast drain upon our resources by the chains, which never pioneer, but come take away from you and me the cream of the earnings."

"As I say, I am an outsider, and there are a lot of things to consider that you may better approach your problems effectively and bring them before the public."

"There are the big dailies. Look in the Dallas papers this morning and you will see one complete section devoted to the bankers. About a column and a half is devoted to this convention. I am not making an attack on the press. Undoubtedly its workers are fine gentlemen, dedicating their columns to patriotic purposes—and profits—but we know they devote a great deal of space to the bankers and little to the workers. [Turning to the reporters of the dailies at the press table.] I would advise you boys to join the Newspaper Guild and, as soon as you can, affiliate with the American Federation of Labor. It will increase your social standing when you can associate with printers. [Laughter and applause.]"

"I am going to take up five points, all based on fundamental principles, which must endure if we are to prosper and maintain our national integrity and standing. The first is the right of organized labor to strike. The second is the freedom of the press, or the Bill of Rights of the Constitution of the United States. The third is proper labor legislation to protect the working masses. The fourth is complete elimination of company unions and other subterfuges, and fifth is elimination of child labor."

"As to the right of labor to strike, I know strikes are economic waste to capital and to the worker, but if you want to be successful you have to be militant and aggressive or you will not get anywhere at all. Labor is entitled to a fair wage in whatever field it may find itself, and labor is entitled to decent work hours and safeguards for the workers. If these things are denied you, then you have the right to demand that which is just. If this is denied you, then you have the right to strike against unfair wages, long hours, and intolerable conditions."

"When we talk about the freedom of the press, we refer to everyone. When the newspapers came out and said the N. R. A. was trying to take away the liberty of the press, an idiotic editorial came out in the papers, but the liberty of the press has never been touched. The newspapers go on publishing what they choose. I should like to suggest that the American Federation of Labor have a paper to go into the hands of every American. Let the labor papers of the State continue their good work, but have one publication to reach from five to ten million people, to go into the homes of organized labor and into channels where you can carry on a mighty campaign of education, that you may have a sympathetic people, who will know what you are fighting for—the real facts upon which you base your claims. Fully substantiate your arguments, that the people as a whole will be enlisted for a square deal for the men and women who work."

"You know about the National Labor Board. When I went to Washington recently, I promoted the bringing of a regional labor board to Texas. The Labor Board, as you know, has its headquarters in Washington, with 18 regional labor units. They have the right to hear complaints, but they cannot enforce the things which should be given prompt attention and a fair and equitable adjustment."

"For instance, in one town there was a compliance board on which there was not a member of organized labor. I assisted in getting a member of organized labor on that board, but now the other members will not meet with him because he is a worker. Certainly that is a great injustice, an intolerable situation with which labor ought not to be confronted. The various boards should be so organized that they have the right to enforce a fair deal and to protect the worker in all his rights and privileges."

"The Wagner labor board bill is of the utmost importance. You ought to get behind that measure with all your force. When you go before a labor board and find an instance of 15,000 workers being employed at a wage of 4 cents an hour, where they are able to make only \$1.80 a week, and it is argued workers can live on 5 cents a day, that they are now getting too damned much, I say to you there is dire need for drastic action.

"I want to know who is going to be benefited when purchasing power is from 5 to 10 cents per capita. Evidently there is little regard for human rights. Intolerable greed should not be permitted. The American Federation of Labor must promote the purchasing power of all the people; and working unselfishly for all the people along great humanitarian lines, it will succeed.

"I recently read some statistics which revealed there are 3,000,000 members of company unions and 3,000,000 members of the American Federation of Labor. There are too many members of the company unions and not enough members of the American Federation of Labor. In speaking of some of the welfare work being done under company-union regime, we find this kind of 'pap' being handed out: Mrs. John D. Rockefeller, Jr., personally handed out presents to the children of the members of the company union at a holiday party. Now, wasn't that a liberal and gracious act?

"The only way to abolish company unions is by hard work. You must be on the job constantly. You must show the workers the benefit of a real organization, which stands for the rights of humanity, for justice, and the American standards of living. There are not enough labor organizers in the State of Texas. You should have a large force of union organizers. Your Government and the President of the United States have told you to organize, to band together for your common good, and you should heed that call.

"As to child labor, there is hardly any use emphasizing that subject. No sane, right-thinking man or woman is in favor of child labor. The reason there must be a constitutional amendment is that the N. R. A. is only temporary; it is subject to change. Such a protective measure written into the Constitution must be on the books, so that children will not have to slave and will have the opportunity to grow into manhood and womanhood unfettered and unharmed through drudgery and slavery in their adolescence.

"In your organization work you should by all means pick out men of courage, enthusiasm, and energy; men who will go all the way down the line for you, unafraid. Your cause is a righteous one and may be upheld in any group or circumstance. You must devote all possible time to a study of the issues that present themselves and affect your crafts and industrial unionism. These matters should be fully discussed and your members as a whole should understand fully your position. I suggest that you let no opportunity pass to take a part in all political issues.

"The general rule is that when some fellow gets up and makes a good speech—an oration, as it were—taking you to the very clouds, you say: 'Why, he is a nice fellow, a fine talker; I am going to vote for him.'

"My advice to you, frankly and candidly, is to make a careful study of that man's record. Find out what he has ever done to deserve your vote and support. Ask yourself, Is he sincere? If he isn't, what good is all his talk?

"I am talking about political science now in the sense that we have intelligent application of the economic principles of government in order that we will not have to struggle continually with such things as the C. W. A. and this and that to take care of the idle; that we can take men from the bread lines, distribute capital more evenly, and prevent vast accumulations in the hands of few men, who become virtual dictators.

"Study these things out along sane, sensible lines, my friends. Let there be proper adjustment through economic measures, which will mean work for the millions at living wages, with decent hours of employment, that the masses may have time for recreation and the better things of life along with those who toil not. Train yourselves to be a part and parcel of the great American citizenship, to which the Nation may ever look for substantial growth and proper protection at all times. Be citizens, proud of your Nation because of the splendid part you have played in bringing it to the highest level in its history.

"I think organized labor should always take a definite stand against any sort of taxation that bears unjustly on the people, or certain class of people, such as the sales tax, which has been discussed very ably by a previous speaker. I will not dwell much further on that subject.

"Some bright fellow gets up and says, 'Now, the way to get this Nation back to prosperity is to have a sales tax on everything, and that will do away with income taxes and generally relieve the situation.' He never thinks of the fact that the sales tax would be an inverted income tax, bearing heavily on those who cannot pay it.

"The American Federation of Labor is undoubtedly forming its program to carry out the great economic principles which will insure this Nation stability and more lasting prosperity; principles that will be ever-enduring and carry us on, a free people with the right to live and let live, bowing to no despot, but mindful of the liberties of others; a happy people, conscious that justice has prevailed, prosperity is real, and the masses may enjoy that which is their rightful heritage. You, my friends, are the people who can bring this about. [Loud applause.]

"The N. R. A. can be an instrument for good or an instrument for evil. We know that the N. R. A., unless it is to protect the

rights of labor, will be the greatest instrument of oppression ever brought to a people.

"The only way to protect yourselves is to demand representation of labor on your compliance boards and the passage of the Wagner bill. For the present you must be militant, aggressive, and determined. You must stand up for your rights day in and day out. Then may we look for the coming of those happy days for which we now hope.

"I am grateful for this opportunity to appear before this splendid body of determined men and women and I wish you Godspeed in your work. I thank you." [Loud applause.]

A rising vote of thanks was tendered Mr. MAVERICK at the conclusion of his address.

AVIATION

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, by courtesy of the Chairman of the Federal Aviation Commission, I was furnished, 2 or 3 days ago, with a copy of that report. I have read it, and I am very happy indeed that the Speaker has decided to refer the message to the Committee of the Whole House on the state of the Union. After a brief conference with the acting floor leader, it is hoped that a time may be set apart in the next 3 or 4 days when the House may resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering the message of the President of the United States and that report. There is a portion of the report that I do not agree with, particularly with reference to the suggestions as to the procurement of aircraft. I have been bitterly opposed to such a proposal—ever since the matter was mooted some 10 or 12 years ago by the Morrow Board—to the procurement of aircraft by private negotiation without advertisement and without giving the world a chance to know what is going on on the inside of some executive office. That feature of the report I desire to discuss with some degree of fullness in Committee of the Whole House on the state of the Union. I trust Members will get copies of this report and that those who desire to discuss it may have an opportunity to do so at that time. Our investigation during the last year has confirmed my opinion that private, which means secret, negotiations to buy aircraft would ultimately lead to waste and corruption.

Mr. MEAD. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, as everyone who was a Member of this House in the last Congress must realize, the Federal Aviation Commission was created by legislation which emanated from the Committee on the Post Office and Post Roads. The report of that Commission, I am happy to say, in general terms agrees with the findings made by our committee regarding air mail. They recommend a specific pound mail rate basis of pay rather than the space basis which is now in effect. They recommend the creation of a commission in order that this vast subject might be taken out of politics. We recommended that the matter be submitted to an expanded Interstate Commerce Commission. In that regard we differ but little.

On the whole, the investigation conducted by this Commission is a noteworthy one. The entire subject covers military aviation, commercial aviation, air mail, and a number of kindred and affiliated subjects. Air mail is the all-important subject to be reduced to legislation. It is, in my judgment, the heart and center of the report. It is so because commercial aviation could not exist without the assistance and support of Government by way of air-mail contracts. The Post Office Committee, in my judgment, merits the commendation of the House because of its work in connection with air mail. It suggested a sound solution of this problem in the last Congress—one that I hope will be approved in this Congress.

The report made by the Aviation Commission should be read by the Members, as it contains worth-while information.

PROPOSED EXPOSITION AT SAN DIEGO

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent that immediately after the passage of the Treasury and Post Office appropriation bill it shall be in order to consider House Joint Resolution 94, providing for the participation of the United States in the California Pacific International Exposition to be held at San Diego, Calif., in 1935 and 1936, authorizing an appropriation therefor, and for other purposes, in the House as in Committee of the Whole House on the state of the Union.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that it may be in order immediately after the disposition of the Treasury and Post Office appropriation bill to consider House Joint Resolution 94 in the House as in Committee of the Whole. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, may we have the resolution read?

Mr. BLANTON. Mr. Speaker, I reserve the right to object. The gentleman from Tennessee [Mr. McREYNOLDS] knows that this resolution authorizes an appropriation of \$350,000 for an exposition at San Diego.

I am not prejudiced against expositions. I think they are not only entertaining but instructive, but they are becoming very expensive. Cannot we have an understanding with the gentleman from Tennessee, the chairman of the committee, and with those who are especially interested, that we shall strike out \$350,000 and limit this authorization to \$100,000? If we could have that understanding I would be willing to go along, but \$350,000 is a sum entirely too large at this time for us to spend for an exposition at San Diego.

Mr. MARTIN of Massachusetts. The gentleman is not asking to have it passed at this moment, is he?

Mr. BLANTON. If you ever let this go by now, beyond the unanimous-consent stage, it means its ultimate passage, because later you cannot stop it. Now is the time to have some kind of an understanding about it.

Responsibility rests just as much upon the shoulders of the gentleman from Tennessee to preserve the integrity of the Treasury, and I know it is his purpose to do so, and I know that he does not believe in any extravagant expenditure, and I feel that he should go along with us in deducting \$250,000 and limiting this authorization to not over \$100,000.

Mr. McREYNOLDS. Mr. Speaker, in answer to the gentleman from Texas [Mr. BLANTON] I assure him that I assume full responsibility as much as does the gentleman from Texas in endeavoring to preserve the Treasury.

Mr. MARTIN of Massachusetts. Does the gentleman mean today?

Mr. McREYNOLDS. Not at this time. The gentleman from Massachusetts [Mr. MARTIN] asked me about this bill when he was on the committee.

The reason I make this request is that this is an exposition bill and time means a great deal to those people, because it is to be opened the last of May. I am not sold on any specific amount. I went to the Chairman of your Committee on Appropriations [Mr. BUCHANAN] and asked him what were the rules and regulations for an appropriation. This is not an appropriation; this is simply an authorization, and considering the fact the distinguished gentleman from Texas [Mr. BLANTON] is a member of the Committee on Appropriations, and knowing that he is always watching the Treasury, I knew that no appropriation would be made for this exposition unless they showed sufficient facts.

Now, this bill authorizes the President to invite various nations to participate, and it is necessary that this authorization be granted at once. As I stated to the gentleman, I am not sold on any \$350,000. It can be considered under the regular rules of this House and this Committee, and if you do not approve it, you can cut it down. But this is the amount reached after we made proper investigations and found out what was required.

Mr. McFARLANE. Mr. Speaker, regular order.

Mr. BLANTON. Well, if the gentleman demands regular order, it is going to force an objection.

Mr. McFARLANE. Regular order, Mr. Speaker.

Mr. BLANTON. Mr. Speaker, I do not believe that we should spend \$350,000 on this exposition at San Diego or send invitations to foreign countries that have repudiated their sacred debts of honor, hence I am going to have to object. I object.

The SPEAKER. Objection is heard.

UN-AMERICAN ACTIVITIES

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting an address delivered by my colleague, Mr. DICKSTEIN, of New York, over the radio recently.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by my colleague, Mr. DICKSTEIN, vice chairman of Special Committee on Un-American Activities, over the radio recently:

The undermining of American institutions by subversive propaganda in the United States, be it communism, fascism, nazi-ism, or from whatever source it may emanate, has been and is being investigated by the Committee on un-American Activities, which was appointed by a resolution of the House of Representatives.

The committee is a fact-finding body and will report its findings to the Congress of the United States for such action as the committee may recommend.

It is obvious that our committee has no patience with doctrines which tend to destroy our democratic principles, no matter whether the tendency to do so comes from the right or from the left. American democracy has been written into the form of government of this country ever since its foundation.

To make my own stand clear I am opposed to communism, fascism, and nazi-ism, and all other subversive movements in the United States. I consider communism just as dangerous a menace to our Republic as any other undemocratic movements. I wish to serve notice that the followers of such doctrines should not expect sympathy from our Government, and unless they can adapt themselves to this country and its form of government there will be no room for them in the United States.

Democracy is a priceless heritage which the American people have been able to maintain for 150 years and longer. Anti-American doctrines do not originate from any desire of our people to see a change in our cherished institutions, but are invariably imported from abroad. It is this alien propaganda which we seek to eradicate. We will not have American institutions destroyed by alien propaganda.

The form of government under which we live is sufficiently elastic and sufficiently responsive to public opinion and the wishes of the electorate to function peacefully and in an orderly fashion whenever the public desires a change, either in the law or in the persons administering it. We will not permit, however, aliens and others who do not wish to become a part of the electorate and assume the obligations of citizenship to advocate or bring about such changes by revolutionary means or violence.

Ever since that famous march on Rome in November 1922 with Mussolini at the head of his cohorts appearing before the King of Italy and demanding the surrender to himself of all powers, Europe has been living under the spell of a dictatorship and government by one political party. In examining before my committee members of the Communist Party of America, continuous references were had to an action taken by the Communist Internationale, otherwise known as the Third Internationale in Moscow, or similar Fascist organizations would refer to meetings of the Fascist Grand Council in Italy and organizers or followers of Hitler get their cue from decisions of their party in Germany.

The great danger to American institutions lies in having foreign-party governments assume control over the doings of their followers in the United States. When the government of a country is vested in one political party, that one political party becomes all-absorbing and all-embracing. The technical term by which this manner of government is known is the so-called "totalitarian state." The state embraces everything and includes all phases of the life of the individual. It controls the individual from the moment he is born to the moment of his death. It directs and regulates his business and social activities, and the individual himself amounts to nothing as distinguished from state control over his doings. In this respect both Communists and Fascists have this principle in common—that the individual must submerge himself to the state and absorb himself in the state. The difference between the two is only in the method used to enslave the individual. The Fascist system calls for state control and of production and distribution of all goods. The Communist system calls for state ownership of the means of the production and distribution.

American democracy stands on its own merits midway between the radicalism of the right, which is fascism, and the radicalism of the left, which is communism. We will tolerate neither state control of the means of production nor state ownership of the means of production. We believe that business will find its own

level and will eventually emerge out of any depression with as little help from the Government as possible. The Government will always be ready to help the individual, and we have created a number of Government agencies to bring about business recovery. We have the new deal operating under our illustrious President to smooth the path and regulate an intelligent recovery. We believe that recovery can be had by the old and well-tried American method of letting the individual run his own business and having as little interference by the Government as possible. Should, however, Government aid be necessary, our Government stands ready to help business so that it may, in turn, help itself. All the new-fangled doctrines which have as their object the destruction of our well-tried American Constitution must be frowned upon by us. One of the aims and purposes for which my committee was organized was to demonstrate the soundness of the old American doctrines of government and eliminate all attempts from abroad to revamp the American Constitution.

Communism is by no means the solution of our troubles, nor is fascism the way out. In both cases we will have to surrender much that has been accomplished by the founders of our Government by way of protecting the rights of the citizens to have free speech, free press, and a free assembly. Only by harkening back to the original foundations of the American Constitution can the individual find a happy life and the opportunity for development of his own ideals. We do not want to be slaves of the State and to take our orders from a lot of bureaucrats, whether or not the system of government which now prevails in Germany, Italy, or Russia is suitable for their own people; we have no concern with it, nor is it our business how those nations govern themselves. We wish to preserve our American institutions for Americans, and we turn our backs against any other nation, creed, or policy. Our committee seeks to prevent aliens from coming to the United States to infect our Commonwealth with their odious ideas of government, which are foreign to us and unwelcome to our people.

America will maintain its own Constitution against all enemies, foreign and domestic, and you can rest assured that we will not permit any dangerous doctrines to gain a foothold in this country, whether or not they rise from the right or from the left.

These subversive activities have now reached the stage where they seek to infect not only the common man but our schools, the Army, Navy, the civilian conservation camps, etc., and other public bodies. Our Department of Justice will ferret out all seditious and treasonable activities and appropriate punishment will follow.

In a recent editorial published in the Hearst newspaper attention was called to the fact that communism invariably brings fascism. It has been the unhappy experience of the world that many attempts at destruction of well-tried constitutional guarantees resulted in civil war and bloodshed. When communism is permitted to gain a foothold in America it will of necessity stock up reaction to it by way of fascism, and we must forever be watchful in both directions and not permit either communism or fascism to become strong or powerful.

Our people will always bear in mind that this Government has been instituted to protect them and to assure to them their opportunity for self-development and self-government, and all of us will seriously subscribe to the tenets of the original Constitution of the United States, and we shall again continue as a happy, well-governed, and well-contented people.

POST OFFICE AND TREASURY DEPARTMENTS APPROPRIATION BILL— 1936

Mr. ARNOLD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 4442) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1936, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4442, the Treasury and Post Office Departments appropriation bill, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

Mr. ARNOLD. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, we have before us for consideration the bill making appropriations for the Treasury and Post Office Departments for the fiscal year 1936. The subcommittee in charge of this bill came to Washington early in December and conducted hearings lasting throughout the month of December and into the early part of the present month. We have presented to you a bill which, in the judgment of the committee, is a good bill.

Permit me at this time to express my appreciation to the members of the subcommittee who assisted in these hearings and in the preparation of the bill. That subcommittee is composed of myself, as chairman, the gentleman from Indiana, Mr. LUDLOW; the gentleman from New York, Mr. Boy-

LAN; the gentleman from Massachusetts, Mr. GRANFIELD; and the gentleman from Kentucky, Mr. O'NEAL, as the majority members; and the gentleman from New York, Mr. TABER; and the gentleman from Michigan, Mr. McLEOD, as the minority members. It has been a distinct pleasure to work with the distinguished gentlemen on this subcommittee. Their cooperation and help has materially lessened the burden and made our work as pleasant as could possibly be under the circumstances. Partisan politics did not enter into any of the considerations as far as the items in this bill are concerned. There were some differences of opinion, of course, as there are always differences of opinion on matters of such far-reaching importance as the matters involved in this bill; but the members of that committee, both Democrats and Republicans alike, looked at it purely from the standpoint of the best interests of the country and reached their conclusions accordingly. There was no serious differences existing between members on the committee, either Democrats or Republicans, and such minor differences as existed were most amicably adjusted.

In this connection I should not overlook the fact that our work was made much easier by the genial clerk of the Committee on Appropriations, Mr. Marcellus Sheild. [Applause.] Those of you who have known Mr. Sheild and have come in contact with him and his work know that he is one of the best informed and most efficient gentlemen who has ever served in any capacity on the Appropriations Committee. I do not believe there is a man in the Government service anywhere who understands and knows more about the fiscal relations of this Government than does Mr. Sheild. [Applause.]

The time is too short to enter into a discussion of this bill as much in detail as I should like. All that I can do in the time at my disposal is to point out to you some of the principal features of the bill. Then when we reach the stage of reading the bill under the 5-minute rule opportunity will be given so that inquiries may be made and discussions had on special items in the bill which may appeal to the individual Members particularly.

However, while I have the floor today, if there is anything that should occur to the mind of any Member on which I can give any enlightenment, I would be glad to do so. I will give you such information as I am able to give you.

This bill embraces the appropriations for the Treasury and Post Office Departments, as before stated. There are no two departments of Government which more vitally affect the rights, interests, and welfare of the American people than those two departments. May I say in the beginning there has been considerable talk on this floor during this Congress in regard to the condition of the Budget. As far as ordinary expenses of the Government are concerned, we are within the receipts of the Government. In other words, the Budget is balanced so far as the ordinary operating expenses of the Government are concerned. The recovery and relief appropriations that have been found necessary during the past 2 or 3 years, during the depression, have been segregated, and, of course, when you take into consideration the amount of money that has been appropriated for recovery and relief the Budget is out of balance.

It is hoped that as time goes on and as business recovers we can eliminate these extraordinary expenditures and within a very short time bring the Budget into complete balance so far as all expenditures of these departments, both ordinary and extraordinary, are concerned.

On page 3 of the hearings, in the Treasury Department section, you will find a tabulation of the regular receipts and expenditures and the recovery and relief expenditures. This, Mr. Chairman, I think would be informative and enlightening not only to the Congress but to the country at large. I therefore ask unanimous consent to include this tabulation in my remarks so the matter can be studied and so I can avoid the necessity of taking further time in discussing it on the floor.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The matter referred to follows:

A résumé of the financial plan which the General Budget Summary shows for 1936, as compared with 1934 and 1935, is presented below.

[In millions of dollars]

	1934	1935	1936
I. Regular:			
1. Receipts.....	2,763	3,123	3,422
2. Expenditures:			
(1) Operation and maintenance of regular departments and establishments.....	1,086	1,235	1,622
(2) Veterans' pensions and benefits.....	556	610	740
(3) Interest on national debt.....	757	835	875
(4) Tax refunds (exclusive of processing taxes).....	63	68	65
Total regular expenditures.....	2,462	2,748	3,302
II. Recovery and relief:			
1. Agricultural Adjustment Administration:			
Processing taxes.....	353	589	570
Expenditures (including refunds of processing taxes).....	290	738	472
Excess of expenditures over taxes.....	-63	+199	-98
2. Other recovery and relief expenditures.....	3,993	4,472	4,110
Total recovery and relief expenditures.....	3,930	4,671	4,012
Total expenditures (exclusive of debt retirements).....	6,392	7,419	7,314
Net deficit.....	3,629	4,296	3,892
Debt retirements.....	360	573	636
Gross deficit.....	3,989	4,869	4,528

Mr. ARNOLD. There have been some major changes in this bill as compared with the 1935 appropriation bill caused by and based upon certain Executive orders of the President. The Bureau of Industrial Alcohol in the Treasury Department and the Alcoholic Beverage Unit of the Department of Justice have been abolished, and their personnel and duties have been transferred to the Bureau of Internal Revenue under the title "Alcohol Tax Unit." This change was brought about by reason of the fact that the Bureau of Internal Revenue is the great revenue-collecting agency of the Government and because the functions of the agencies above referred to, since the repeal of prohibition, have become the function of collecting revenues. It was thought better to have these agencies in and under the control of the Bureau of Internal Revenue.

A new division has been set up in the Treasury Department known as the "Division of Disbursements." If I have time, I will touch upon this further during the course of my remarks. This, likewise, was created under an Executive order of the President. The purpose of creating this division was for efficiency and economy; and, so far as I can learn and ascertain from the hearings, it has served its purpose well along this line.

The Treasury section of this bill carries \$175,761,149. The Post Office section carries \$724,264,449. This makes a total of items carried in this bill of \$900,025,598 of the regular annual appropriations.

The following tabulation shows, in summary, the comparison of the appropriations in the bill with the appropriations for 1935 and with the Budget estimates for 1936:

Department	Appropriations for 1935	Estimated amount of 5-percent and other pay restoration, indefinite appropriation, sec. 21 (e), Independent Offices Act, 1935	Total appropriations, 1935, including 5-percent and other pay restoration	Budget estimates for 1936	Amount recommended in the bill, 1936	Increase (+) or decrease (-), bill compared with total 1935 appropriations	Increase (+) or decrease (-), bill compared with 1936 Budget estimates
Treasury Department:							
Special items in Emergency and Deficiency Appropriation Acts, 1935.....	\$187,475,000		\$187,475,000			-\$187,475,000	
Public buildings, sites, and construction (including \$65,000,000 in Emergency Act, 1935).....	79,564,615	79,564,615	79,564,615	\$2,100,000	\$2,100,000	-77,464,615	
Refunds of internal revenue and customs collections.....	52,285,000	52,285,000	52,285,000	49,000,000	49,000,000	-3,285,000	
All other Treasury items.....	105,791,685	\$5,112,595	110,904,280	125,037,484	124,661,149	+13,756,869	-\$376,335
Total, Treasury Department.....	425,116,300	5,112,595	430,228,895	176,137,484	175,761,149	-254,467,746	-376,335
Post Office Department:							
Departmental in Washington, D. C.....	3,356,863	194,797	3,551,665	3,731,664	3,700,544	+148,879	-31,120
Field service.....	666,437,072	27,319,796	693,756,868	721,550,905	720,563,905	+26,807,037	-987,000
Total, Post Office Department.....	669,793,940	27,514,593	697,308,533	725,282,569	724,264,449	+26,955,916	-1,018,120
Grand total.....	1,094,910,240	32,627,188	1,127,537,423	901,420,053	900,025,598	-227,511,830	-1,394,455

In addition, of course, there are certain indefinite permanent appropriations with which the committee have nothing to do in hearings on the annual bill, but which become active by operation of law. These amount to something over \$1,500,000,000.

There is quite a decrease in the appropriations under the Treasury title of the bill this year under the 1935 bill. This is brought about largely by the fact that there were certain special items contained in the last bill which are eliminated this year. Building items largely have been eliminated. We carry but \$2,000,000 in this bill this year for building activities, together with an additional \$100,000 to pay for some outside architects' fees. This \$2,000,000 is necessitated by the fact that under the Public Building Act of May 26, 1926, some of those projects are unfinished, and it becomes necessary to carry this appropriation along for the continuation of those projects. There are no new building projects provided for in this bill.

I may say in passing that all the appropriations in this bill are on a maintenance and operation basis and simply carry along the regular work in these departments as it has been carried along the current fiscal year. The appropri-

tions for both departments, which are influenced to any appreciable extent by commodity prices, are predicated upon prices prevailing at the time the estimates were prepared and increases are carried to cover such rises occurring prior to the preparation of the estimates. Any considerable future increase in price levels for commodities necessary for the operation and maintenance of either department will require the finding of the additional funds therefor within the appropriation granted or by resort to supplemental appropriation.

A number of consolidations of appropriation accounts was recommended by the Bureau of the Budget. Some of them were approved by the committee and some were not approved. The committee approved those consolidations where we felt it would be to the best interests of the Treasury and would promote efficiency and economy in administration; and where we felt that it would not tend to these ends and that the greater flexibility that would be possible under the consolidations would not be advisable, we did not consolidate.

The permanent appropriations for 1936 I mentioned a moment ago. These amount to \$1,529,604,580. It will be noted the principal items apply to the interest on the public

debt and to the public-debt retirement and sinking funds. These permanent items are provided by law to be taken care of without the necessity of carrying them in the annual bill. The permanent appropriations in the Treasury Department are as follows:

Object	Estimated appropriation, 1935	Estimated appropriation, 1936	Increase (+) or decrease (-)
General and special funds:			
Interest on deposits of public money of Philippine Islands		\$1,100,000	+\$1,100,000
Expenses of loans	\$510,522	1,360,280	+849,758
Preparation, custody, and delivery of Federal intermediate-credit-bank securities (reimbursable)	2,139		-2,139
Preparation, custody, and delivery of farm-loan bonds (reimbursable)	17,861		-17,861
Sinking fund	1,572,541,000	636,419,000	+63,878,000
Interest on public debt	1,835,000,000	875,000,000	+40,000,000
Miscellaneous gifts, forfeitures, etc.	15,000	15,000	
Contingent expenses, national currency (reimbursable)	210,000	175,000	-35,000
Total, general and special funds	1,408,296,522	1,514,069,280	+105,772,758
Trust funds:			
Unclaimed moneys, payment of		10,000	+10,000
Philippine trust fund (customs)	8,200	10,000	+1,800
Philippine trust fund (internal revenue)	315,000	500,000	+185,000
Philippine trust fund, coconut oil tax (internal revenue)		15,000,000	+15,000,000
Education of the blind	10,000	10,000	
National Institute of Health gift fund		5,000	+5,000
Moneys and effects of deceased patients (Public Health Service)		200	+200
Patients' deposits (National Leprosarium)		100	+\$100
Total, trust funds	\$333,200	15,535,300	+15,202,100
Total, permanent appropriations, Treasury Department	1,408,629,722	1,529,604,580	+120,974,858

¹ Revised.

Among the items eliminated from the 1935 bill are:

Subscriptions to paid-in surplus of Federal land banks	\$75,000,000
Payments to Federal land banks account reduction in interest rate on farm mortgages	7,950,000
Emergency Banking Act, Gold Reserve Act of 1934, Silver Purchase Act of 1934, expenses of	4,500,000
Advances to Department of Agriculture (A. A. A.) for financing cotton	100,000,000
Total	187,450,000

These were not necessary to be repeated and were not provided for in this bill.

Eliminating from the 1935 figures the special emergency appropriations made for that year, the public-buildings construction, and the refunds of revenue, and eliminating from 1936 the revenue refunds and the public-building construction, there remains an increase for 1936 over corresponding activities for 1935 for operation for the Treasury Department of \$13,756,869, of which approximately \$5,300,000 is required for the restoration of the remaining 5 percent of pay cut and other salary restorations, leaving an increase on all other Treasury operations of \$8,456,869. This sum is composed of the following principal increases:

Division of Disbursement	\$710,700
Bureau of Engraving and Printing	850,000
Coast Guard	2,300,000
Public Health Service	750,000
Collecting internal revenue	2,300,000
Recoinage of silver coins	700,000

The question came up in our committee of a recommendation of the Bureau of the Budget that we reappropriate for 1936 the unexpended balance of the appropriation of \$4,500,000 for 1935 for the Gold Reserve Act, the Silver Purchase Act, and the Banking Act of 1933. Your committee did not get the information that we thought we ought to have at that particular time; so, without prejudice, we decided we would not carry that unexpended balance in the appropriation in this bill, but would let the matter pass along and be taken up later in a deficiency bill, at which time we would have more information on which to work.

We feel that through the provisions of the bill we have taken care of the Customs Service in such manner that they

are in a position to carry on their work with efficiency and fully perform their functions.

There have been several transfers, as I mentioned a while ago, from permanent annual appropriations which may be discussed when we reach those provisions in the bill under the 5-minute rule.

The Bureau of Internal Revenue has been carried along as it was last year with some additional funds. It seemed necessary or advisable to provide for some new revenue agents, and we did provide in this bill for 750 additional revenue agents and 265 stenographers to aid and assist in auditing income-tax returns and making additional collections. We looked upon that as a good investment. We were told by the Department officials that with the expenditure of some \$3,000,000 for this purpose between fifty and seventy-five million dollars of added revenue could be obtained. So we made provision for the addition of \$3,000,000 to this service in order to employ these additional revenue agents and pay their expenses. We feel that the Treasury Department should not be handicapped in any way in connection with these activities that have to do with collecting and raising revenues for the Government.

The Coast Guard has been more adequately taken care of in the bill this year to the extent of approximately \$2,300,000 over and above the amount necessary for pay restoration. Last year the appropriation for the Coast Guard was entirely too low. It is now operating at an estimated deficiency of some \$1,300,000. We provided this year the additional amount for the Coast Guard, which will permit them to go ahead and carry on their functions. There is no provision in this bill, however, for the building of new ships or airplanes. Increases have been made to take care of and operate new ships and planes that have been commissioned and which will be commissioned under certain allotments of money from the Public Works Administration.

The Public Health Service has been likewise well taken care of in this bill. There have been a number of increases; however, the increases that were requested were investigated by us as best we could and it seemed to us they were justifiable. These increases amount to \$750,000, aside from the amount necessary to restore full pay, over 1935. The National Institute of Health here in Washington, the narcotic farm near Lexington, Ky., equipment and 6-month operation of the new marine hospital at Stapleton, N. Y., and the hospital for tubercular patients at Fort Stanton, N. Mex., the production of additional serum for treatment of Rocky Mountain spotted fever at the laboratory at Hamilton Mont., and Hot Springs, Ark., clinic. Some personnel and the necessary money to carry on their operating expenses had to be provided. That has been done in this bill.

The sum of \$650,000 was provided for the Division of Mental Hygiene. This shows an increase largely for operating the new narcotic farm at Lexington, Ky., on a full-year basis, as against a 70-day basis this fiscal year.

The Division of Procurement is an activity that is comparatively new, and so far as we were able to find from our investigation it has been doing a very, very good service. The supply branch of the Division of Procurement, in charge of Admiral Peoples, has wonderful possibilities in the way of bringing about greater efficiency and economy in government. We are hopeful and believe that this will work out in such a way that the amount of money expended for this activity will be saved many times to the Government in the way of savings from practically all departments of the Government which it serves.

Now, may I speak for a short time on the Post Office Department title of this bill? There are many things in here that should be discussed, but time is going so fast that it is impossible to cover everything.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. ARNOLD. I yield to the gentleman from Tennessee.

Mr. TAYLOR of Tennessee. I was wondering what provision has been made in this bill, or what provision is in contemplation, to take care of the inspectors of the Alcohol Division who have been working for several months now without compensation or remuneration for their expenses?

Mr. ARNOLD. No provision has been made in this bill to take care of those inspectors who have not been paid since the 1st of December. May I remind the gentleman that this is the 1936 appropriation bill. Provision is made in the bill for this service beginning on the 1st of July 1935, when the fiscal year 1936 begins. We felt that inasmuch as an amendment was added at the other end of the Capitol last year, we did not have authority for the present fiscal year to interfere. The matter should be passed to that end of the Capitol, where it perhaps can be worked out in a satisfactory way.

Mr. TAYLOR of Tennessee. Has the gentleman had any assurances that it will be worked out satisfactorily?

Mr. ARNOLD. I have no assurance along that line. We have confined our recommendations to the fiscal year 1936, which does not begin, as the gentleman knows, until July 1, 1935.

Mr. TAYLOR of Tennessee. I understand that these men who have been working without compensation have received assurances from the Treasury Department that the matter will be taken care of.

Mr. ARNOLD. I think the matter will be taken care of in some way, but just how it will be taken care of I do not know.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. ARNOLD. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I understood the gentleman to say that no appropriations have been provided in this bill for building projects. Is that due to a reduction in the number of such building projects undertaken or is it due to the fact they are now being financed by P. W. A. funds?

Mr. ARNOLD. They have been financed under P. W. A. allotments recently, as the gentleman knows, except as to the \$65,000,000 direct appropriation last year in the deficiency bill. Some building program during the remainder of the recovery and relief program may be financed out of the \$4,880,000,000 appropriation which was passed the other day, and there is a general lump sum of \$300,000,000 carried in the Budget, which is to be made available for Public Works.

Mr. CHRISTIANSON. So that in making a comparison between the aggregate amount contained in this bill and in

corresponding bills of previous years this fact should be taken into consideration?

Mr. ARNOLD. That fact has been taken into consideration; yes.

Mr. CHRISTIANSON. How does the aggregate appropriation in this bill compare with the aggregate as contained in last year's bill?

Mr. LUDLOW. If the gentleman will yield, may I say to the gentleman from Minnesota if he will look on page 3 of the report he will see that very fully set forth.

Mr. ARNOLD. There is a tabulation set forth on page 3 covering that matter, which is inserted in my remarks.

The CHAIRMAN. The gentleman from Illinois has consumed 30 minutes.

Mr. ARNOLD. Mr. Chairman, I yield myself 10 additional minutes.

Mr. CHRISTIANSON. Can the gentleman state whether during the last 5 or 6 years there has been a reduction in the total appropriation carried in this bill or corresponding bills, taking into consideration the fact that formerly they contained building-project appropriations which are now being taken care of by the P. W. A.?

I do not care for exact figures. I wanted to know whether there was any comparable reduction in the total.

Mr. ARNOLD. Yes; eliminating the extraordinary expenditures, there is a remarkable reduction, although I have not the figures right at hand to give the gentleman.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. KENNEY. Did the gentleman's committee consider—and I understand it did not, but I should like to have the information from the gentleman—that cost to the Government of customs inspectors and postal inspectors and agents who performed service in connection with the seizure of millions of dollars' worth of lottery tickets that passed through our mails for certain lotteries abroad?

Mr. ARNOLD. I think the question of lotteries was not discussed before our committee during the hearings.

In the post office title of the bill there are a few things I should like to call to your attention. I submit a comparative statement of receipts and expenditures, fiscal years 1930 to 1936, inclusive:

Comparative statement of postal receipts and expenditures, fiscal years 1930 to 1936, inclusive

	1930	1931	1932	1933	1934	Estimated, 1935	Estimated, 1936
REVENUE							
Sales of postage.....	\$676,980,669.42	\$628,517,829.36	\$558,870,726.21	\$556,345,556.19	\$551,339,854.05	\$577,655,000	\$609,455,000
Box rents.....	8,538,940.90	8,325,651.81	7,831,960.34	6,859,996.63	6,515,411.11	6,741,300	6,941,300
Money-order earnings.....	17,495,593.61	16,333,250.04	15,761,716.40	16,615,752.92	18,710,144.19	19,320,000	19,820,000
Postal Savings earnings.....	1,562,106.84	2,296,569.03	4,066,437.00	6,690,226.80	8,102,624.65	9,000,000	7,250,000
Other.....	906,787.38	990,083.05	1,641,082.99	1,119,831.94	2,065,131.80	2,283,700	1,533,700
Audited revenue.....	705,484,098.15	656,463,383.29	588,171,922.94	587,631,364.48	586,733,165.80	615,000,000	645,000,000
Add gross audited deficit.....	98,215,987.43	146,066,189.65	206,550,611.09	112,374,892.05	44,033,834.86	82,099,053	80,282,569
Total.....	803,700,085.58	802,529,572.95	793,722,534.03	700,006,256.53	630,767,000.66	697,099,053	725,282,569
EXPENDITURE							
Salaries:							
Postmasters.....	50,128,054.74	40,553,218.64	48,175,830.98	42,203,983.03	37,531,145.68	40,694,455	42,178,371
Post-office clerks.....	201,465,587.28	200,081,681.56	198,023,058.66	168,418,282.65	161,203,740.18	170,154,689	177,540,000
Letter carriers.....	137,584,812.11	136,552,338.27	135,013,331.29	114,155,897.09	103,743,361.67	117,175,005	124,850,000
Rural carriers.....	106,346,568.23	106,430,450.81	106,290,126.37	93,802,396.45	81,635,342.17	87,463,194	93,960,000
Railway postal clerks.....	56,577,058.26	55,804,238.84	57,841,708.55	48,560,253.26	44,318,764.34	49,948,622	52,500,000
Motor vehicle.....	9,155,300.00	9,065,387.00	8,890,960.00	7,593,987.00	6,962,476.00	7,795,446	8,184,378
Inspectors.....	2,337,589.87	2,351,996.48	2,359,656.93	2,085,528.6	1,933,040.02	2,256,844	2,530,000
Departmental.....	2,788,695.25	2,908,833.10	2,974,680.31	2,623,203.63	2,361,408.61	2,500,369	2,755,914
Public buildings.....						11,263,923	13,000,000
Other.....	2,901,607.26	3,194,810.60	3,245,984.97	2,869,826.19	2,300,033.26	2,921,927	3,024,062
Total salaries.....	569,285,273.00	565,942,955.30	562,815,338.06	482,313,357.91	431,989,311.93	492,174,474	520,522,725
Transportation of mail:							
Railroads.....	117,197,761.94	111,634,120.82	103,724,178.21	95,358,969.26	92,477,320.06	91,107,873	92,580,478
Mail messengers.....	10,065,938.63	10,074,652.60	9,926,374.78	9,560,607.10	7,487,106.95	7,200,000	7,200,000
Ocean mail.....	23,130,965.43	29,474,904.27	31,890,339.52	34,308,402.98	35,820,714.12	37,343,050	37,318,140
Air mail.....	13,898,832.41	17,200,255.60	20,154,146.19	18,815,742.24	12,377,236.52	11,947,226	10,640,985
Contractors.....	14,216,030.82	14,347,674.12	14,723,699.13	14,394,274.91	13,202,284.54	12,635,000	11,690,000
Motor vehicle.....	4,492,913.00	3,990,153.00	3,616,554.00	3,933,275.00	2,584,050.00	2,571,871	2,556,295
Public buildings.....						530,450	387,000
Other.....	4,024,895.87	4,391,703.17	4,238,407.27	3,929,144.96	3,347,875.41	3,515,943	3,489,255
Total transportation.....	187,027,358.10	191,113,463.58	187,773,699.10	180,300,416.45	167,296,587.60	166,851,413	165,862,103
Equipment and supplies:							
General.....	14,276,176.65	12,774,468.74	11,897,246.75	9,685,577.62	5,995,472.76	7,728,048	8,702,635
Public buildings.....						2,684,645	2,569,400

Comparative statement of postal receipts and expenditures, fiscal years 1930 to 1936, inclusive—Continued

	1930	1931	1932	1933	1934	Estimated, 1935	Estimated, 1936
EXPENDITURE—continued							
Rent, heat, and light:							
General	\$23,075,118.69	\$23,462,427.05	\$23,063,719.32	\$21,507,228.96	\$19,574,958.83	\$18,983,495	\$18,570,318
Public buildings						1,891,377	2,128,000
Travel expenses	5,879,939.57	5,829,552.92	5,618,479.34	4,147,857.02	3,879,725.41	4,106,284	4,156,815
Miscellaneous:							
General	4,156,169.57	3,406,705.36	2,554,051.46	2,051,818.57	2,030,944.13	2,465,258	2,554,973
Public buildings						214,059	215,600
Total supplies and service	47,357,454.48	45,473,154.07	43,133,499.87	37,392,482.17	31,481,101.13	38,073,166	38,897,741
Audited expenditure	803,700,035.58	802,529,572.95	793,722,534.03	700,006,256.53	630,767,000.66	697,099,053	725,282,569
Gross audited deficit	98,215,987.43	146,066,189.66	205,550,611.09	112,374,892.05	44,033,834.86	82,099,053	80,282,569
Adjustments:							
Prior current obligations	974,757.32	479,010.06	1,335,219.70	2,367,600.01	2,633,563.95		
Shipping Board, ocean mail					2,308,334.17		
Public buildings					5,485,981.82		
Adjusted gross deficit	97,241,230.11	146,545,199.72	206,885,830.79	110,007,292.04	54,461,714.80		
Deduct: Act of June 9, 1930:							
Government departments	9,347,505.00	9,886,456.00	9,151,899.00	14,315,414.00	23,094,882.00		
Congress	872,695.00	852,641.00	784,725.00	1,023,615.00	776,000.00		
Newspapers (free in county)	753,263.00	704,579.00	631,647.00	538,221.00	545,227.00		
Public policy (blind, etc.)	478,167.00	524,656.64	483,941.39	549,091.02	521,652.00		
Air-mail subsidy	13,863,174.10	17,167,501.04	20,585,107.31	20,035,482.16	12,992,910.83		
Ocean-mail subsidy	14,355,004.29	18,911,474.60	21,669,102.89	25,228,463.41	28,692,458.00		
Total	39,659,718.39	48,047,308.28	53,304,422.59	61,631,286.59	66,623,129.83	70,000,000	70,000,000
Net postal deficit	57,571,511.72	98,497,891.44	153,581,408.20	48,316,005.45	12,161,415.03	12,099,053	10,282,569

¹ Surplus.

There has been a lot of talk on the floor of the House in recent months about the cancelation of the air-mail contracts and the carrying of the air mail by the Army during the period from February 19 to May 31, and with respect to the fatalities during that period of time and the expense involved.

Permit me to say that by the cancelation of these contracts and the execution of new ones the cost of operating the air mail since 1933 has been reduced by \$10,000,000.

It seems to me the Post Office Department has done a most remarkable work in handling the air-mail situation. Complaint is made with respect to the fatalities while the Army was handling the mail. There were not as many fatalities in the Army Air Corps during the time they were handling the mail as there were during the corresponding period of the previous year. There were some fatalities, of course, and in getting ready to carry this mail and in connection with certain things incident thereto there were 5 pilots and 3 passengers killed and 1 passenger and 5 pilots seriously injured; but in the actual mail flights there were 4 pilots killed and 1 pilot seriously injured and no passengers.

Special tabulation of Air Corps aircraft accidents

Period	Total number of accidents	Total number of fatalities	Major injury	Airplanes	
				Complete wreck	Requiring major overhaul
July–December 1931	210	29	16	58	62
January–June 1932	213	22	11	53	48
Fiscal year 1932	423	51	27	111	110
July–December 1932	223	15	7	63	50

Report showing service and amount paid to air mail carriers during the fiscal years 1930–34 and the annual mileage and cost of service under the present contracts

Fiscal year	Authorized route length as of close of fiscal year (miles)	Miles of service		Total weight of mails dispatched (pounds)	Cost of service	Average rate per mile
		Scheduled	Actually flown			
1930	14,907	16,228,453	14,939,468	7,719,698	\$14,618,231.50	\$0.978
1931	23,488	22,907,169	21,381,852	8,579,422	16,943,605.56	.792
1932	26,745	34,509,483	32,202,170	8,845,967	19,938,122.61	.619
1933	27,679	38,114,425	35,909,811	6,741,788	19,400,264.81	.540
At time of annulment Feb. 19, 1934	25,248	34,937,691			14,903,649.12	.42658
1934	28,820	31,223,641	29,111,474	6,476,919	12,129,959.64	.29341
As of service authorized on Dec. 11, 1934, at rates in effect on that date	28,924	36,108,754			9,639,324.19	.2669

¹ Authorized miles of service and pay per annum.² Rate at end of fiscal year 1934 under new contracts.

Special tabulation of Air Corps aircraft accidents—Continued

Period	Total number of accidents	Total number of fatalities	Major injury	Airplanes	
				Complete wreck	Requiring major overhaul
January–June 1933	219	31	12	60	50
Fiscal year 1933	442	46	19	123	100
July–December 1933	193	23	6	67	50
January–June 1934 ¹	219	31	8	78	43
Fiscal year 1934	412	54	14	145	39

¹ Period during which air mail was flown. Of the aircraft accidents tabulated for this period, 69 are chargeable to Air Corps air mail operations.

During the same period of time in private and civilian air flying 45 airmen and 56 passengers were killed, 19 airmen seriously injured and 6 passengers seriously injured, and 49 airmen and 26 passengers suffered minor injuries.

So you can see that the fatality rate which we have been led to believe existed was not nearly so serious, after we have had an opportunity to look back and make a survey and see what the actual conditions were, as had been charged.

I submit above table for the RECORD. It is a tabulation of total Air Corps aircraft accidents for the period indicated.

The Air Mail Service, under the new contracts that were entered into after the Army Air Corps ceased carrying the mail, provides a much greater service, with a saving of \$10,000,000 a year. Four States that had not formerly been receiving air mail service are being supplied with this service now, and something like 41 additional cities that had not been receiving air mail service under the old contracts are now receiving this service. I submit for the RECORD the following statement, which is very informative on the question of domestic air mail:

Report showing service and amount paid to air mail carriers during the fiscal year 1934

	Miles of service		Total weight of mails dispatched (pounds)	Cost of service
	Scheduled	Actually flown		
Contract service, July 1 to Feb. 19.....	25,994,022	24,502,887	4,995,952	\$8,998,785.00
Army Air Corps Service.....	2,295,896	1,719,919	629,150	2,249,004.31
Contract service May 8 to June 30.....	2,933,723	2,888,668	851,817	882,170.33
Total.....	31,223,641	29,111,474	6,476,919	12,129,959.64

¹ Final adjustment pending.

² Includes cost of transportation of personnel and equipment and other initial overhead costs necessary in setting up operations and in discontinuing operations in the various parts of the country where service was necessary.

I want now to talk for a few moments about foreign mail. You know contracts were entered into by the former Postmaster General under authority that was granted in the so-called "Merchant Marine Act of 1928", whereby vast subsidies have been given under these contracts to certain shipping interests under the pretext of carrying the mail. We carry the same amount in this bill this year that we carried last year for the reason that these contracts, on their face, are valid. They are entered into by an authority that was empowered by Congress to enter into such contracts, but the whole matter is now being investigated with a view to ascertaining what is the situation and whether or not they were fraudulent in their inception or whether anything of that sort is involved which would warrant a cancellation of such contracts. Until this investigation is concluded and we know what the situation is, your committee felt we should carry the amount along for the fiscal year 1936 as it has been carried in 1935. Here I will insert a table showing the case of ocean mail under these contracts from 1929 to 1934:

Fiscal year	Cost of merchant-marine routes	Cost on weight basis at rate paid American ships	Net cost of merchant-marine routes
1929.....	\$9,304,217.82	\$1,685,159.97	\$7,619,057.85
1930.....	13,066,440.87	2,272,738.36	10,793,702.51
1931.....	18,818,263.76	2,710,645.82	16,107,617.94
1932.....	22,402,761.54	3,266,544.92	19,136,216.62
1933.....	26,054,590.35	3,000,457.17	23,054,133.18
1934.....	29,611,481.99	2,598,962.86	27,012,519.13

We will have to go along and furnish the money to fulfill the obligations of the Government under the contracts until it is determined what will or can be done with them. The amount involved is something like \$27,000,000 a year in direct subsidies. I am hopeful that some way can be found whereby we may save this vast expenditure in subsidies for

this purpose. I submit herewith a tabulation of foreign and domestic air mail subsidies from 1930 to 1934:

	1930	1931	1932	1933	1934
Air mail subsidy:					
Foreign.....	\$3,967,011.97	\$5,784,435.90	\$5,887,631.94	\$6,005,604.25	\$5,651,570.46
Domestic.....	9,896,162.13	11,383,065.14	14,698,475.37	14,030,877.91	7,341,340.37
Total.....	13,863,174.10	17,167,501.04	20,586,107.31	20,036,482.16	12,992,910.83

In connection with the domestic air mail contracts that were canceled and with all the stir and ado that was made about them, some few cases have been taken to the courts, and there has not been a single, solitary case finally determined that was decided against the Government. So it seems that the Postmaster General was clearly within his authority and clearly within his rights in canceling these contracts and in executing new contracts, and certainly this has saved the Government quite a lot of money, in addition to providing better and more extended service.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield? Mr. ARNOLD. I yield.

Mr. DIRKSEN. What proportion of that total amount of twenty-seven and a half million dollars is subsidy and what portion is covered by income?

Mr. ARNOLD. The proportion of subsidy I can give the gentleman, but I think he will find all the information in the report.

The amount of subsidy for 1934 was \$27,012,519.13. It would have cost us to carry that mail on a poundage basis \$2,598,962.86, whereas we paid out \$29,611,481.99, which left a net subsidy of the amount we paid over and above what we should have paid if we were carrying the mail on a poundage basis, namely, \$27,012,519.13.

Mr. DIRKSEN. How does the net subsidy compare with the subsidy in existence before the contracts were abrogated?

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. ARNOLD. I yield myself 5 minutes additional.

If the gentleman will look on page 21 of the committee report, he will find there the air mail subsidies, both foreign and domestic, for the years 1931, 1932, 1933, and 1934. We carry the amount for foreign air mail in '36 as in '35. We feel that is a good service in the development of trade in the South American republics; these contracts are also under survey by the Post Office Department.

There is another thing that I should call your attention to, and that is the summary of the cost-asertainment report, which I will ask leave to insert in the RECORD, and the general matter of expense, receipts, and disbursements of the Post Office Department. This report gives most interesting and valuable information.

The CHAIRMAN. Without objection, it is so ordered.

Recapitulation of allocations and apportionments of postal revenues and expenditures for the fiscal year 1934 to the classes of mail and special services, not taking into account relative priority, degrees of preferment, and value of service in respect to expenditures

Fiscal year 1934	Revenues	Expenditures	Excess of apportioned expenditures over revenues	Excess of revenues over apportioned expenditures
1	2	3	4	5
Classes of mail:				
First class:				
Other than local-delivery letters.....	\$262,930,752.38	\$162,857,649.95		\$100,073,102.43
Local-delivery letters.....	62,545,550.67	42,977,833.92		19,567,716.75
Air mail.....	5,737,536.00	15,290,032.86	\$9,552,496.86	
Total, first class, including air mail.....	331,213,839.05	221,125,516.73		110,088,322.32
Second class:				
Publications exempt from zone rates on advertising under act of Oct. 13, 1917 (par. 4, sec. 538, P. L. and R.).....	1,600,792.30	15,005,639.01	13,404,846.71	
Zone-rate publications:				
Daily newspapers.....	7,944,479.33	34,218,224.20	26,273,744.87	
Newspapers, other than daily.....	1,762,981.11	10,258,039.26	8,495,058.15	
All other publications.....	8,600,241.71	30,694,318.51	22,094,076.80	
Free in county, all publications.....		7,554,355.43	7,554,355.43	
Total, publishers' second class.....	19,972,764.45	97,730,576.41	77,757,821.96	
Transient.....	1,231,440.03	1,006,846.01		134,594.02
Total, all second class.....	21,204,194.48	98,827,422.42	77,623,227.94	

[See footnotes at end of table]

Recapitulation of allocations and apportionments of postal revenues and expenditures for the fiscal year 1934 to the classes of mail and special services, not taking into account relative priority, degrees of preferment, and value of service in respect to expenditures—Continued

Fiscal year 1934 1	Revenues 2	Expenditures 3	Excess of apportioned expenditures over revenues 4	Excess of revenues over apportioned expenditures 5
Classes of mail—Continued.				
Third class.....	\$50,146,716.69	\$67,445,439.95	\$17,298,723.26	
Fourth class.....				
Local delivery.....	1,460,308.25	1,300,836.65		\$159,471.60
Zones 1 and 2.....	32,680,162.03	46,904,173.92	14,224,011.89	
Zone 3.....	21,528,220.87	26,736,936.20	5,208,715.33	
Zone 4.....	20,082,936.70	20,774,944.19	692,007.49	
Zone 5.....	14,047,564.06	13,661,270.76		386,293.30
Zone 6.....	4,850,630.15	4,808,694.63		41,935.52
Zone 7.....	2,708,485.63	2,569,404.98		139,080.65
Zone 8.....	4,222,094.10	3,954,681.37		267,412.73
Library books.....	94,370.16	251,689.47	157,319.31	
Total, fourth class.....	\$101,904,677.10	120,962,632.17	19,057,955.07	
Foreign:				
Other than air mail.....	13,026,319.51	38,264,015.57	25,237,696.06	
Air mail:				
Postage revenues.....	584,126.52			
Service revenues.....	706,678.31			
Total, air mail.....	1,290,804.83	7,200,603.84	5,909,799.01	
Total, foreign.....	\$14,317,124.34	45,464,619.41	31,147,495.07	
Penalty:				
For the Post Office Department.....		3,609,331.22	3,609,331.22	
For other branches of the Government.....		6,496,371.32	6,496,371.32	
Total, penalty.....		10,105,702.54	10,105,702.54	
Franked:				
By Members of Congress.....		633,503.66	633,503.66	
By others.....		136.82	136.82	
Total, franked.....		633,640.48	633,640.48	
Free for the blind.....		62,311.01	62,311.01	
Total, all mail.....	518,786,551.66	564,627,284.71	45,840,733.05	
Special services:				
Registry:				
Paid registrations.....	\$10,477,303.30	14,139,917.30	3,662,614.00	
Free registrations:				
For the Post Office Department.....		2,469,906.18	2,469,906.18	
For other branches of the Government.....		251,750.86	251,750.86	
Total, registry.....	10,477,303.30	16,861,574.34	6,384,271.04	
Insurance.....	\$5,103,442.83	5,757,846.03	654,403.20	
C. O. D.....	4,219,852.38	7,023,506.19	2,803,653.81	
Special delivery.....	7,801,984.10	7,211,737.45		590,246.65
Money order.....	18,845,072.60	23,705,137.17	4,860,064.57	
Postal savings.....	8,102,624.65	4,116,790.17		3,985,834.48
Total, special services.....	54,550,279.95	64,676,591.35	10,126,311.40	
Total, mail and special services.....	573,336,831.61	629,303,876.06	55,967,044.45	
Unassignable.....	11,782,871.09	2,202,204.01		9,580,667.08
Total, related.....	\$585,119,702.70	631,506,080.07	46,386,377.37	
Unrelated.....	2,417,365.97	1,928,104.57		489,261.40
Total, postal operations.....	587,537,068.67	633,434,184.64	45,897,115.97	
Expenditures from transferred funds:				
Shipping Board, ocean mail.....		2,567,927.50		
Public buildings, custodial service.....		5,990,671.33		
Grand total, 1934.....	587,537,068.67	641,998,783.47	54,461,714.80	
Revenue credits (act of June 9, 1930):				
Penalty matter, other than that of Post Office Department, including registration.....	23,094,882.00			
Franked matter:				
By Members of Congress.....	775,785.00			
By others.....	215.00			
Second-class matter, free in country.....	545,227.00			
Free matter for the blind.....	103,552.00			
Publications exempt from zone rates.....	418,100.00			
Expense credits (act of June 9, 1930):				
Aircraft service.....		12,992,910.83		
Differential favoring vessels of American registry.....		28,692,458.00		
Grand total, 1934 (adjusted to the act of June 9, 1934).....	612,474,829.67	600,313,414.64		12,161,415.03

¹ Includes \$64,260 revenue from second-class application fees.

² Includes \$229,905.15 revenue from special-handling service.

³ Includes \$1,453,872.84 receipts from foreign countries for handling foreign mail in transit through the United States and \$171,830.48 revenue from miscellaneous special services in connection with foreign mail.

⁴ Includes \$607,912.17 revenue from return receipts for registered mail.

⁵ Includes \$13,201.12 revenue from return receipts for insured mail.

⁶ Service of the United States, exclusive of the Territories and island possessions.

NOTE.—The above segregation of the computed total expenditures chargeable to second class, fourth class, foreign, penalty and franked matter, and to registry service and of the revenues from fourth-class matter have been developed by processes of approximation.

Mr. ARNOLD. It has been claimed that \$12,161,415.03, which is the profit or surplus for the year 1934, as disclosed by the tabulation referred to a few minutes ago, by eliminating the nonpostal activities of the Post Office Department, was not a true or proper accounting.

That system of accounting by deducting the nonpostal items was provided by law and has been in vogue since 1930. The former Postmaster General used the same identical system as has been used in 1934. By referring to the tabulation it will be seen the net deficit, after leaving out the nonpostal items, was, for 1930, \$57,571,511.72; for 1931, \$98,497,091.44; for 1932, \$153,581,408; for 1933, \$48,316,005.

For 1934 there was a surplus of \$12,161,415.03.

Postmaster General Farley and those cooperating with him have brought about an efficiency and economy in postal affairs which has not been equaled in many years. He and those associated with him are to be complimented for their efficient administration.

The CHAIRMAN. The gentleman from Illinois has consumed 45 minutes.

Mr. ARNOLD. I am very sorry that I cannot go into this matter further, but my time has expired. I ask unanimous consent to extend my remarks in the RECORD by including therein certain tables and data along the line of my general discussion.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Chairman, I desire to ask the gentleman from Illinois a question or two.

Mr. TABER. Mr. Chairman, I yield the gentleman 2 minutes.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. ARNOLD. Yes.

Mr. CULKIN. The gentleman made an elaborate and brilliant defense of the existing order in the Post Office Department, and I compliment him upon it. Can the gentleman state what was the amount of alleged savings by reason of the reduction in the Post Office personnel? In other words, how much of this saving fell upon the postal employees?

Mr. ARNOLD. I can get that information for the gentleman, but I have not it in my head at the present time.

Mr. CULKIN. Will the gentleman put it in the RECORD?

Mr. ARNOLD. By referring to the tabulation which I have inserted in my speech showing a comparative statement of postal receipts and expenditures he will find the data. Let me say in the time still available to me that here before you is a chart of postal receipts and expenditures from 1914 to 1936. That chart, in colors, you will find in the hearings under the Post Office Department. It is a most interesting chart. It gives the whole history of the receipts and expenditures of the Post Office Department during all of those years, and Members can visualize those receipts and expenditures of each and every year by referring to the chart. [Applause.]

Mr. TABER. Mr. Chairman, I yield myself 15 minutes.

There are one or two things that I wish to call to the attention of the Committee as we go along. We had very extensive hearings on this bill. The chairman and the members of the subcommittee went into it very carefully and the bill was marked up, I think, with the thought in the mind of the members of the committee of appropriating just as little as we could and at the same time properly taking care of the needs of the Treasury and Post Office Departments. With reference to most of the items in the bill there has been complete harmony.

I do call attention to a situation that arose as a result of a question propounded by the gentleman from Minnesota [Mr. CHRISTIANSON], and call attention to what the actual appropriations for regular items in the Treasury Department have come to be. Appropriations for the fiscal year 1935, in which we now are, exclusive of special items, amounted to \$237,660,000. Appropriations for the fiscal year 1936, as carried in this bill, amount to \$175,760,000; but included in the 1935 bill was an item of \$78,000,000 for construction of buildings. The comparable item in the present bill is \$2,000,000, indicating a reduction on that account of \$76,000,000. That means that the general expenses of the Treasury have in-

creased, as indicated by these comparable figures, by approximately \$14,000,000. That is, the regular running expenses of the Treasury have mounted in this bill \$14,000,000 over the year 1935.

Mr. LUDLOW. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. LUDLOW. Is it not true that \$5,000,000 of that is due to restoration of the pay cut?

Mr. TABER. There is no question about that; approximately that. Other items came as a result of the absorption of certain emergency activities into the regular activities of the Department, and I presume that the next bill, unless we have a deficiency this year, will call for other increases as a result of the absorption of emergency activities into regular activities. Frankly, in connection with all these appropriation bills the Government is going to have a very heavy load placed on the Treasury unless the greatest effort is maintained by the Congress to prevent those emergency activities getting onto the regular roll. There is going to be tremendous pressure on every one of you to put those activities onto the regular activities and keep them there when we really ought to get rid of them.

We have some unusual features this year. I call attention, first, to one unusual feature in the Post Office Department, where, in connection with the payment of rewards by the chief inspector for the detection, arrest, and conviction of post-office burglars, robbers, and highway mail robbers, there is an appropriation calling for approximately \$20,000. Since July 1 there has been expended by the Post Office Department for the purpose of providing a news ticker for the Postmaster General, a new activity, \$75 a month. That it was paid out of a secret fund indicates that it was an attempt to put something over. Of course, they do have such things as news tickers in the White House, and they probably need them, and they have them in the Treasury Department. But the only reason they could possibly have in the Postmaster General's office would be so that the Postmaster General might keep better tab on the political activities of the people throughout the country.

Mr. ARNOLD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. ARNOLD. The gentleman is also aware of the fact that they have this so-called "ticket system" in the Department of Justice and in the National Recovery Administration, I presume?

Mr. TABER. I presume that is so.

Mr. ARNOLD. But does not the gentleman think that with the mail robberies and the hold-ups there are throughout the country it is very essential, in the enforcement of the postal laws, that information of that kind be brought to the postal authorities just as soon as possible, so that the inspectors can get word out and head off these criminals, and perhaps aid in bringing them to justice?

Mr. TABER. Now, if there was anything to that I would say "yes", but I think the evidence clearly demonstrates that that is not the situation. I am going to read a little from the committee hearings on page 102 of the Post Office bill, with your permission:

This is the appropriation from which Postmaster General Farley pays for his news ticker. How about it?

Mr. ALDRICH. Yes, sir. This is a confidential fund.

How much does that news ticker cost?

Mr. ALDRICH. I think it costs \$900 a year.

How does that figure into this appropriation?

Mr. ALDRICH. It is an item that was submitted, I believe, to the Comptroller General. The Department wanted to pay for that service from the appropriation for confidential information—

Confidential information over a news ticker!—

and all information about robberies connected with the Post Office Department comes in immediately on that ticker. It brings indispensable information to the Department.

How many times have you had anything like that?

Mr. ALDRICH. I think we have had only one or two cases concerning which I have been advised since that ticker has been in operation.

How long has it been in operation?

Mr. ALDRICH. Since about July 1.

I yield to the gentleman from Illinois.

Mr. DIRKSEN. Did they have this ticker service in the old Post Office Building, or did they have it in previous administrations?

Mr. TABER. I think that was a new wrinkle that had to go along with the duties of the Postmaster General as chairman of the Democratic National Committee.

Mr. MILLARD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MILLARD. The question of crime, and so forth, should be conferred in the Department of Justice, and not on the Postmaster General. What has he to do with that?

Mr. TABER. If they were actually accomplishing anything that would be different; but this service is not primarily to detect crime.

Mr. CULKIN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. CULKIN. Does the gentleman know that the Postmaster General's attendance at the Post Office Department is sort of a casual week-end attendance, and might it not be well to furnish him with a time clock—let him punch a time clock each morning and evening?

Mr. TABER. I do not know. I doubt if you would get him there if you had a time clock. He has never appeared before the Treasury and Post Office subcommittee in the 2 years I have been a member of it.

Mr. CULKIN. The gentleman would be willing to supply him with a time clock?

Mr. TABER. Oh, yes; I would vote for that.

Mr. LUDLOW. Will the gentleman yield?

Mr. TABER. I yield.

Mr. LUDLOW. The gentleman remembers, does he not, when a distinguished former Postmaster General, Mr. Brown, came before our committee and asked to be provided with an automobile of such liberal dimensions as would accommodate his silk topper?

Mr. TABER. We have already provided General Farley with an automobile of such dimensions that it will take care of his plug hat.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANTON. The gentleman from New York knows that, concerning all of the big important work he has accomplished here—and he has accomplished some big things—he has had the respect and confidence and following of the Democrats on this side of the aisle. Why does he want to stop accomplishing big things and go to groveling down in the dirt about these little, infinitesimal, insignificant, picayune matters?

Mr. TABER. Now, the gentleman from Texas does not approve of this item any more than I do.

Mr. BLANTON. But the gentleman can go after and keep in line extravagant bureaus and thereby save hundreds of millions of dollars. Why does he want to waste his time on little \$900 items?

Mr. TABER. Because it is contrary to my idea of the right way of doing business.

Mr. BLANTON. The gentleman himself has absolute confidence in the Postmaster General right now, and he is simply making a political speech.

Mr. TABER. Oh, now, I beg to differ with the gentleman. I am frank to say I do not have absolute confidence in the Postmaster General.

Mr. BLANTON. Well, everybody else in the United States has confidence in Jim Farley. What is there about him that has destroyed the gentleman's confidence?

Mr. TABER. I am going to show the House right now why I do not have absolute confidence in the Postmaster General on big figures.

Mr. BLANTON. Will the gentleman tell us some big things that have destroyed his confidence, and not these little, picayune matters?

Mr. TABER. If the gentleman will listen a few minutes longer, he will find some of those.

Now, the Postmaster General made many nice statements last fall just before election, indicating that there was a surplus in the Post Office Department for the first time in a

long time. I will say to you frankly that there were less expenditures in the Post Office Department last year, in 1934, than there had been for some previous years. But they did not present the full picture. Let me show you a few items: \$65,000,000 out of the \$70,000,000 claimed savings of the Postmaster General came about as a result of the Economy Act which was passed by Congress and with which the Postmaster General had only administrative connection. In figuring up Farley's alleged savings they did not take into consideration two or three particular items.

Mr. SIROVICH. Did the gentleman vote for the Economy Act?

Mr. TABER. Yes, I did; and it would have been all right had the administration stuck to economy instead of running to riotous extravagance. That is what is the trouble in the country today, the riotous extravagance of the administration, and not the economy bill.

Mr. SIROVICH. Did not the House override the veto of the President and the Senate on the economy bill?

Mr. TABER. On some of the items we did, and things would have been all right had the administration gone along in an intelligent way in reference to the administration of the economy bill.

Let me point out some of these items: There was an alleged surplus, according to the way the Postmaster General figured it out, of \$12,000,000. In figuring this surplus he did not take into consideration an item which is a proper charge against the Post Office Department, \$12,000,000 of expense which was carried under the Office of the Supervising Architect of the Treasury, because that was the share properly allocatable to the Post Office Department for its regular operations. He did not take into consideration, further, the item of \$8,000,000, the Government's contribution to the 30-year compulsory retirement of 6,723 thirty-year men. He did not take into consideration the actual cost which would have to be paid to the extent of approximately \$4,000,000, plus the amount of postage paid on the air mail in connection with the subsidy deductions that he made.

The total of these deductions and charges that should be made against the Post Office Department amounts to \$24,000,000. So, even taking out the subsidy, there was an actual deficit of upward of \$12,000,000 in post-office operations.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANTON. I would suggest to our splendid, though bilious, friend from New York that he should go at once to a doctor and get some liver medicine.

Mr. TABER. I do not need it. [Laughter.]

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. ARNOLD. Can the gentleman tell us when, at any time, the architect's charges in the Treasury Department and the retirement of employees has been charged in Post Office Department expenses under any system of accounting in the past?

Mr. TABER. No; I cannot; but I can tell the gentleman when it is going to be in the future, and that is through the operation of the bill we are now considering as will be found from the statement appearing on page 24 of the committee's report.

Mr. ARNOLD. But the gentleman certainly does not mean to say that employees of the Treasury Department shall be charged to the Post Office Department?

Mr. TABER. I do mean to say that where employees of the Treasury Department are used in connection with the operations of the United States mails, their salaries should be charged to the operations of the United States mails, but not otherwise.

Mr. ARNOLD. Will the gentleman please tell us where the Post Office Department is using employees in the Architect's offices in the operation of the mails?

Mr. TABER. They do not, of course, use architects, but they used people to take care of the buildings occupied by the Post Office Department in the fiscal year 1934, and they used fuel paid for out of the appropriation for the Supervising Architect, and they used a great many other things.

Mr. ARNOLD. Was not that portion chargeable to the Post Office Department proper?

Mr. TABER. It should be chargeable, and it is chargeable, according to the figures that are carried in this bill, but was not in 1934.

Mr. ARNOLD. Yes; it is carried in the bill and is properly chargeable.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. HARLAN. Does not the gentleman believe the people of the United States are rather more interested in whether or not the present Post Office Department is being operated economically as compared with its operation under the former Postmaster General rather than in this accounting proposition?

Mr. TABER. Postmaster General Farley seems to think that the accounting proposition is the chief matter of interest. I am sorry the gentleman does not seem to agree with him; I do not agree with him. I do figure, however, that that is probably what they ought to be interested in.

I shall now take up other items and show some of the inefficiency of the administration. I do not know how many Members have rural carriers in their districts, but I want to call attention to this subject. Those Members who have rural carriers in their districts know there have been many consolidations, and unless their experience has been different from mine they have had numerous and vigorous complaints because of the curtailment of the service. From page 191 of the hearings you will learn they made 2,909 consolidations during the year 1934, on which they claim to have saved \$1,534,000, or approximately \$500 per consolidation. These consolidations were brought about almost entirely by reason of these forced 30-year retirements; and these forced 30-year retirements, because of the Government's contribution to the retirement fund to take care of them, added to the cost of the Government \$1,200 apiece; so the loss to the Government by reason of those consolidations has been \$700 a piece. Now, that is some of your efficiency! We curtail the service, yet add to the cost of running the Government.

I could give you more instances along the line of closing up some of our rural post offices where the service to our people has been very seriously curtailed.

Mr. KVALE. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Minnesota.

Mr. KVALE. Some of the business men in some of the larger cities are not so much interested in economies or in surpluses in the Department when they find out that through restrictions in the Railway Mail Service and in the terminals they are losing a whole business day in the delivery of their first-class mail.

Mr. TABER. I think that is the general rule at the present time. They have established a lot of rules over here at the Department. I do not know whether the other Members have run into this or not, but it takes a couple of days longer for mail to get to our desks, and this is important mail that ought to have prompt attention.

Mr. PIERCE. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Oregon.

Mr. PIERCE. Has the gentleman failed to have post offices kept open where he has asked for them, made a protest and a proper showing?

Mr. TABER. I have.

Mr. PIERCE. I have not failed.

Mr. TABER. I may say to the gentleman I have secured the opening of two. There were two others that were very important to my district that they refused to reopen, and these post offices were closed without notice to the people and without absolutely any consideration. It looks like the program of the administration was an attempt to dry up the rural communities by refusing to give them proper mail service. I told them so in my letters to the Postmaster General.

Mr. PIERCE. My experience has been that the Post Office Department has been perfectly willing to keep them open where the people did not get the service through the star routes. Where they get that service, why not close them?

Mr. TABER. It is all right if you can give them decent service, but when you close them and cannot give them a decent service, drying up your country towns, that is the worst thing that can happen to the United States.

Mr. PIERCE. I do not think the gentleman made a proper showing to the Post Office Department.

Mr. TABER. I made just as good a showing as I was capable of making.

Mr. PIERCE. I have watched that matter very carefully.

Mr. DITTER. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. DITTER. Will the gentleman refer to page 21 of the committee report. There is a small item there which I want to inquire about. I should like to know whether the four additional clerks at \$1,800 is for the purpose of aiding the Postmaster General in the distribution of special issues to his friends?

Mr. TABER. I have received a lot of complaints from my district about the operations of the philatelic proposition, where stamp dealers are advertising at large prices these stamps which have been distributed by the Postmaster General. There is a general feeling of dissatisfaction with the situation. I have no quarrel with the regular routine operations of the philatelic section, where everybody—your constituents and mine—is given an equal opportunity to go in and get any stamp that is issued, paying for it in the regular way. I do not believe, however, that there should be anything in the nature of special privileges along that line.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 3 additional minutes.

Mr. BOLAND. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Pennsylvania.

Mr. BOLAND. It surely is not the intention of the gentleman to convey to the people of the country the idea that the Postmaster General is dishonest?

Mr. TABER. As far as his actual picking up of money is concerned, or anything of that kind, I have not so stated.

Mr. BOLAND. Does the gentleman wish to tell the people of the country that the Postmaster General is not doing a good job?

Mr. TABER. I believe his assistants are doing a fairly good job along certain lines. I do not think they have paid proper attention to the giving of service to the public and procuring rapid, quick delivery of mail from the sender to destination.

Mr. BOLAND. But the gentleman will admit that the Postmaster General is at least honest?

Mr. TABER. I have not stated that he has stolen any money.

Mr. BOLAND. Is he likely to?

Mr. TABER. If I had said anything of that kind, the gentleman's question would be pertinent, but as long as I did not say that I do not see how the gentleman's question is pertinent.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Texas.

Mr. BLANTON. The gentleman from New York has 6 years more of this to go through. It is all in getting used to the situation. The gentleman has 6 years more of Postmaster General Farley, so why does he not go along and be a good fellow?

Mr. TABER. Maybe the people of the United States will have a different idea about that matter.

Mr. CULKIN. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. CULKIN. For the purpose of permitting the gentleman from New York [Mr. TABER] to summarize, might I ask whether it is not a fact that the efficiency and the morale of the employees of the Post Office Department are at the lowest point in its history?

Mr. TABER. I think that is correct.

Mr. Chairman, I have one more comment to make. The Post Office Department has been operated, I believe, on the basis of trying to provide as little employment for all the

clerks and the carriers as possible, rather than on the basis of trying to give the best service possible to those who need that service. I find right along that the delivery of mail has been curtailed, and that no such efficiency in handling the mail is apparent as has been for generations past. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentlewoman from California [Mrs. KAHN].

Mrs. KAHN. Of all the powers abrogated by Congress, the delegation of the tariff-making power is to me the most flagrant.

Article I, section 8, of the Constitution reads:

Congress shall have power to lay and collect taxes, duties, imposts, and excises.

A perfectly plain statement of power with no implication of any right to delegate. I wonder, as we surrender power after power, privilege after privilege, prerogative after prerogative, do we realize we are giving away something that does not belong to us? Do we realize we are simply trustees of these powers received from the people to be handed down intact to our successors as we received them from our predecessors? We are not sole owners to do with them as we wish.

I think now we might well recall the Biblical story of Naboth, as we read it in the First Book of Kings, chapter 21. In the ninth century before the Common Era, the Kingdom of Israel was governed by a monarch named Ahab. He was an able and successful warrior, and under his powerful and prosperous rule the nation attained great wealth and material splendor. Urged on by the sycophants who fawned upon him for favor, encouraged by popular approval, which applauded him for everything he did, at the suggestion of these sycophants who desired only to increase their own power, the king made repeated inroads upon the rugged, desert ideals of liberty and justice which the nomadic founders of the state had written into their constitution. Clearly, there was need at that time for a man of vision, of courage, of fearless and heroic character to offer resistance to these arbitrary encroachments upon the liberty of the people. Such a man appeared in Naboth, whose vineyard adjoined the extensive grounds of the king, and upon which the sycophants had cast jealous eyes.

To understand fully what follows, it should be borne in mind that in ancient Israel the rights of a man to unmolested possession of all he had inherited from his fathers, was regarded as sacred and inviolate. When Ahab, therefore, decided to extend his palace grounds and demanded that Naboth surrender his land to him, he knew full well that he was invading one of the most venerated rights of his subjects. But so accustomed had he grown to the apathetic acquiescence of the people in their loss of civil rights, that he expected no opposition to this demand. Imagine his amazement, therefore, when this humble peasant confronted him respectfully and countered his request with the memorable reply, "The Lord forbid it me that I should give the inheritance of my fathers unto thee."

It seems to me we might well ponder, before we surrender any more of the rights of the people, this saying of Naboth, "The Lord forbid it me that I should surrender the inheritance of my fathers unto thee." [Applause.]

Mr. ARNOLD. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 4442, the Treasury and Post Office Departments appropriation bill, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing

votes of the two Houses on the amendments of the House to the bill (S. 1175) entitled "An act to extend the functions of the Reconstruction Finance Corporation for 2 years, and for other purposes."

The message also announced that the Senate insists upon its amendments to the bill (H. R. 3247) entitled "An act to meet the conditions created by the 1934 drought, and to provide for loans to farmers in drought- and storm-stricken areas, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. WHEELER, and Mr. NORRIS to be the conferees on the part of the Senate.

POST OFFICE AND TREASURY DEPARTMENTS APPROPRIATION BILL

Mr. ARNOLD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4442, the Treasury and Post Office Departments appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, last year Congress imposed an excise tax on coconut oil. Those of us who supported the tax argued that it would increase the prices of domestic fats and oils and help the farmers of the country, north and south. Our contention was challenged. It was predicted that by stopping the importation of coconut oil from the Philippines we should so narrow the market for domestic fats and oils that our farmers would lose rather than gain.

What has actually happened? The prices of domestic fats, both edible and inedible, have increased to an almost incredible extent. Cottonseed oil has advanced from 3½ cents to 9, lard from 5½ cents to 11, soybean oil from 5 cents to 7½, peanut oil from 4 cents to 9, corn oil from 3½ cents to 9¼, inedible tallow and grease from 3 cents to 5¼.

I am fully aware of the fact that we have had a drought which has curtailed production of fats and oils, but I submit that the reduction of domestic supply would not have raised prices substantially if we had left the floodgates open to a cheap competing product from abroad. I also call attention to the fact that cottonseed oil and peanut oil produced outside the drought area have not advanced more than lard and corn oil.

Again, I say, reducing domestic production, whether the reduction is accomplished by drought or by acreage control, does not lift prices unless the home market is adequately protected. I trust that the authorities empowered to formulate international trade agreements will remember that. If they do not, whatever benefit agriculture may hope to reap from the crop-control program will be offset by the damage done by an unwise tariff policy. It is always well to let the right hand know what the left hand doeth. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. McLEOD].

Mr. McLEOD. Mr. Chairman, there are some figures in the report that I wish to give to the House and to the country to show what is happening to our present Budget system. For instance, in the Post Office bill there are between ten and twelve million dollars in consolidations, and in the Treasury bill there are five and one-half million dollars of consolidations.

This is the first time, at least since I have been a member of the Appropriations Committee, that the practice of consolidation has existed. It is strictly contrary to the intent of the framers of the Budget. If these consolidations continue we will be back in the same position we formerly were in making lump-sum appropriations in such proportions that there will be no semblance of Budget.

Transgressing for a moment, there was a good suggestion that came before our committee: We know that the Post Office Department is not supposed to be, and never was intended to be, a self-sustaining department. Yet, in our desire to reduce the annual deficit in this important Government Bureau, the item of special-delivery service was discussed relative to making that service, which is strictly special, self-supporting. It was admitted in testimony before the committee that if the special-delivery stamp was increased from 10 to 11 cents, this could be accomplished. This change in postage rate cannot be made by the Post Office Department, but must be made by act of Congress.

There was an item of great importance which caused the committee much concern, and that was the confusion and the impossibility of obtaining information, satisfactory information, relative to the tremendous cost of certain commodities used by the Government during the last year.

The outstanding item was that of paper. Some departments of the Government, some departments of the Post Office and various departments in the Treasury Department, admitted that there was a blanket increase in paper of 85 percent over the past year; the increase reached in some departments was 130 percent over last year. It could not be satisfactorily explained by various witnesses of the departments, either of the Post Office or the Treasury, except to say that the codes established by the departments were solely responsible.

Some of the emergency departments of the Government have even refused to buy paper from the Public Printer because they can go out in the market and buy it for less. I hope that the inflationists in the House will study and investigate this situation.

An objection yesterday was raised by some regarding the 5-percent immediate restoration of pay, which resulted in the compromise date being fixed as of April 1, so far as Federal employees are concerned. We see here definite justification for the stand taken by the House. Commodities are increasing, due to the administration's own codes, its own set-up of organizations, as an example, to an extent where the Government itself is beginning to pay for its own folly; cheap mimeograph paper increased 130 percent, while distinctive paper increased this year only 5 percent, even though distinctive paper requires considerable labor, much more labor than is required in the manufacture of mimeograph paper. In forcing the cost of living sky-high the administration's attempt at codifying to raise prices makes the Government not only the buyer but the goat in these transactions.

Yesterday the House of Representatives recognized that this administration is constantly making it more expensive for the people of the country to live, and especially recognized that the meager salaries of thousands of Federal employees were insufficient to cope with the results of this phase of the administration's fallacious doctrine, and, therefore, practically unanimously restored to this deserving group 5 percent of their salary so wrongfully taken away by the administration's vicious and deceptive economy bill.

It is impossible for the people of the country to know where and how much of their money is being spent. Department appropriation bills do not provide this information. If a department needs more money than provided in its annual appropriation bill, it merely draws on one of the enormous unrestricted, free for all, so-called "relief appropriations." It appears as though the day for accounting for the people's money is past and the Budget system is dying—the great system we were so proud of.

As I have already said, it is impossible for even a Member of Congress to find out how much money is to be spent by any of the regular bureaus of the Government so long as the excuse continues that we are in an emergency and so long as the policy continues or is permitted to continue by the people of the country of giving an administrative head full sway, with no strings attached to the Nation's money bags. It will not be possible to ever get back to the normal method of appropriating and spending money by the United States Government, which meant so much and which was found to be

so perfect that many of the great nations of the world copied the Budget system devised and perfected by great administrations of prosperous and bygone days.

I think that is all that I desire to say at this time. I have tried to give the Members of the House informative and constructive information which may assist in bringing in corrective measures at an early date. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, you have heard various subjects discussed in general debate on this bill. I am going to confine myself to practically one aspect of the Treasury Department part of the bill. As a subcommittee under our able chairman, the gentleman from Illinois [Mr. ARNOLD], assisted by Mr. LUDLOW, Mr. GRANFIELD, Mr. O'NEAL, Mr. TABER, Mr. McLEOD, and myself, we worked from the early part of December preparing the bill for the hearings and holding the hearings which resulted in the bill as it is now before you. What I want to particularly draw attention to is the part played by the Public Health Service. The Public Health Service of the Federal Government is doing a wonderful and magnificent work under the leadership of Dr. Hugh S. Cummings, Surgeon General. At the second session of the Seventieth Congress I introduced a resolution providing for an investigation of Federal prisons. Up to that time, for 40 years, a committee of Congress had not investigated Federal prisons. A committee of which Mr. COOPER of Ohio was chairman, and on which Mr. TABER, of New York, served, and on which I also had the honor of serving, visited all Federal prisons of the United States. The result of that committee's activities was that we submitted a report to Congress asking for new Federal penitentiaries to be built in the United States, and that Federal farms be established for the treatment of narcotic addicts.

Now, of course, you do not realize the great handicap that narcotic addiction is to any man or woman. A man or woman can be addicted, for instance, to the use of alcohol, but at some particular time they can pull themselves together, stop using it, and start all over again, but with narcotic addiction it is different. After 2 or 3 weeks' use, no matter how strong-minded or how strong-willed you are, without medical help and assistance you are unable to get yourself off the addiction. Congress realized that. Congress realized that there is no condition in which a man is placed that is comparable with that of opium addiction, where food, shelter, raiment, and all those things by which men live, are cheerfully abandoned in order that the addict may secure his favorite drug. Those who are addicted to the use of opium or its derivatives constitute the ultimate market for smuggled or contraband drugs. They are a menace to the local supply of such drugs originally destined for medical and scientific use.

The addict usually commences early; most of them before they reach the age of 25 or 30 years. Those young persons represent a period of life where there exists the greatest urge to accept hazards, and when coupled with a desire for their favorite drug, the possibilities become even greater for their taking extraordinary chances that violate the customary standards of safety. The immediate important causes of addiction to narcotic drugs are related to the previous use of such drugs in medical treatment; in self-treatment for the relief of pain; recourse to drugs during emotional stress; to overcome the effect of drunkenness; and to indulgence for the sake of experience, curiosity, or the thrill they expect to get from it. Also through the influence of association with others who are accustomed to their use; contact and association with others who are addicted to the use of such drugs is the more frequent or prominent immediate cause of addiction. The removal of those addicts from the American communities is therefore a step in the direction of preventing further addiction.

The second subsequent change in Federal policy toward this so-called "addiction problem" occurred when, as I told you, the Seventieth Congress adopted a resolution for the investigation of Federal prisons. That went so far as to lead to the establishment of a narcotic farm for addicts about 5

miles out of the city of Lexington, Ky. We also have provided for a farm a short distance from the city of Fort Worth, Tex. This, however, is but in the making. The point that I immediately wanted to call to your attention was the opening of the farm at Lexington, Ky., which will take place around the 1st of May of this year. There, on a beautiful tract of land, consisting of about 1,100 acres, we have erected a series of buildings, with every hospital facility, in order to start the Federal Government, for the first time, in a proper scientific study in the causes of addiction, and to give proper treatment to the inmates who will be confined in that hospital.

In addition to the jurisdiction of the Federal courts in committing addicts to the farm, there is also a provision in the law which was passed providing for voluntary commitments. An addict is permitted to voluntarily enter the institution, with the permission of the superintendent, to undergo treatment. If he is able to pay, in whole or in part, the Government expects that he will make the contribution he is able to. If he is unable to pay at all, the Government will yet admit him and give him the benefit of the treatment. Everything will be done there to try to bring the addicts back to a full sense of their individual responsibility and to return them to the community in such physical condition that they will be able to carry on.

There will be a dairy farm; there will be a truck farm; there will be poultry and hog raising; teaching landscaping; there will also be athletics, both indoor and outdoor. There will be carpenter and machine shops, a clothing shop to make clothing just for the inmates. In other words, all these activities will be used to endeavor to make the institution as self-sustaining as possible, and yet provide employment for the inmates.

I might say that at Fort Worth, Tex., we have purchased about 1,500 acres, where a similar narcotic farm will be established. The control and management and discipline to be maintained for the safe-keeping of the individuals and the protection of the community will be done in a humane and understanding manner. Experiments are to be carried on to determine the best methods of treatment, and research in this field, and the results disseminated to the medical profession and to the general public, to the end that States may make provision for establishing and for helping solve the problem of drug addiction.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. BOYLAN. Yes; I will yield with pleasure to my colleague.

Mr. SIROVICH. The gentleman has stated there will be the general treatment for drug addicts. Have they developed any special treatment for drug addicts?

Mr. BOYLAN. I will say that there is no specific treatment yet developed. It is the purpose of the Surgeon General to try out all forms of treatment, and by the establishment of a very excellent staff, working from five different angles, to devise new methods of treatment. In fact, every experiment will be tried, in order to bring about a cure for this great curse of humanity.

Have I answered the gentleman's question?

Mr. SIROVICH. Yes; thank you.

Mr. BOYLAN. The functions of these institutions make them assume the character of treatment and research centers, of educational and rehabilitation centers with certain custodial features superimposed. I might say that at the present time we have no place for the treatment of female addicts in the United States. In a bowl of the Blue Ridge Mountains, a beautiful setting at Alderson, W. Va., we have established a prison for women. This is on the cottage plan and it is one of the most modern and up-to-date prisons in the United States. I had the pleasure of visiting it, spending a few days there, and inspecting all its facilities. At that particular place they have a small hospital for the treatment of any female addict who may be confined in that institution. It is the plan of the Surgeon General, however, with your support and help, to take a part of the grounds of the farm at Lexington, Ky., and there erect a separate institution for female addicts; and I am hopeful

that by the next session we will have this plan before us. I bespeak for it your favorable consideration.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield for a further question?

Mr. BOYLAN. I yield.

Mr. SIROVICH. Has the gentleman available any statistics or data that would convey to the House the following information: How these confirmed addicts have become drug addicts, whether through the clandestine and surreptitious sale of opium and its derivatives, or through the criminal medicinal use of these drugs?

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Previously in my remarks I stated that many of these drug addicts got their start through receiving drugs in medical treatment. Others took it as a self-treatment for the relief of pain. Others had recourse to the drug in times of great emotional stress; others to overcome the effect of drinking; others for the sake of the experience, the thrill somebody told them they would get from the taking of it; and others through the influence and association of those accustomed to the use of drugs.

Have I answered the gentleman's question?

Mr. SIROVICH. Yes.

Mr. BOYLAN. The authorization and establishment of facilities for the confinement and treatment of persons addicted to habit-forming drugs is a form of specialization that bears a direct relationship to policies respecting enforcement of the so-called "antinarcotic laws" and to the protection of American communities. It bears relationship also to problems in penal and correctional institutions, to the uses of narcotic drugs in medical practice, to research and quest for more accurate and fundamental knowledge concerning the nature of drug addiction and related phenomena, and to the instinctive demand ever present in the American people that the sick and afflicted shall be set in the way of strength and hope.

At this time I want to take occasion to congratulate the Congress for the splendid advanced, humane work they have taken up and brought to a head through the establishment of these narcotic farms.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield for a question?

Mr. BOYLAN. I yield.

Mr. SIROVICH. Has the number of drug addicts diminished since the repeal of prohibition?

Mr. BOYLAN. That event was so recent that we have not been able to gather any authentic statistics. In fact, I asked a similar question of the Surgeon General, and he stated they were not able even to approximate the number of addicts in the United States, although someone has said that they average about 1 to 1,000 of the population.

In conclusion, Mr. Chairman, I repeat that the Congress has done a splendid work. In the past, unfortunately, drug addicts have been treated more as criminals; they have been treated as inmates of penal institutions and with a harshness and severity that killed any ambition they might have had for a reformation of their lives.

Mr. LUDLOW. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. LUDLOW. Throughout the hearings on this bill and the deliberation incident to its formulation into definite items I have been greatly impressed by the interest of the gentleman from New York [Mr. BOYLAN] in behalf of the most miserable, most distressed, most God-forsaken unfortunates in the world, the drug addicts. I venture to interrupt at this point merely to say for the RECORD that by the helping hand he is extending to these victims for whom the light of life has almost gone out he has proven himself a real friend of humanity. [Applause.]

Mr. BOYLAN. I thank my colleague for his splendid appreciation.

I repeat, Mr. Chairman, the Members of Congress should compliment themselves and feel they have done a real service to humanity. It is not a question of political or partisan

advantage; it is just a question of doing something for humanity, lending a helping hand to a struggling brother, that to my mind gives a greater satisfaction and a greater thrill than any other possible service can give, and that is helping someone who is afflicted and in need and giving them the chance and the opportunity to commence again a new life full of faith, hope, and promise. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

Distinctive paper for United States securities: For distinctive paper for United States currency, national-bank currency, and Federal Reserve bank currency, including transportation of paper, traveling, mill, and other necessary expenses, and salaries of employees, and allowance, in lieu of expenses, of officer or officers detailed from the Treasury Department, not exceeding \$50 per month each when actually on duty; in all, \$531,990: *Provided*, That in order to foster competition in the manufacture of distinctive paper for United States securities the Secretary of the Treasury is authorized, in his discretion, to split the award for such paper for the fiscal year 1936 between the two bidders whose prices per pound are the lowest received after advertisement.

PAPER MONEY

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this provision deals with the paper used for the printing of paper money and paper securities by the Government. I should like to invite the Committee's attention to the fact that every day we have leaving the Bureau of Engraving and Printing about 4 tons of paper money. There are 500 bills to the pound, whether they are \$1 bills or \$10,000 bills. Some of this money is Federal Reserve notes; some of it is United States notes, silver certificates, and national currency; most of it replaces bills that are worn out and not fit for further use; some of it is new money.

HOW MONEY GETS INTO CIRCULATION

The point to which I desire to especially invite attention is the question of how this money gets into circulation. This distinctive paper is used to print United States Government bonds. Take, for example, a million dollars' worth of Government bonds which are printed and sold to a bank for a million dollars. The bank may take the million dollars' worth of Government bonds, which draw interest, and redeposit those bonds with the Government of the United States through one of its agents and obtain a million dollars in new currency in return, either Federal Reserve notes or national currency, depending on whether it is a national bank or a Federal Reserve bank making the deposit. At the same time it gets the interest on the bonds that are deposited to secure the money.

GOVERNMENT PAYS INTEREST ON OWN CREDIT

I have before me the Federal Reserve Bulletin for January. All Federal Reserve banks hold \$2,457,000,000 in Government securities. The average interest rate now paid is 3.1 percent. At 3-percent interest, these banks will receive between \$70,000,000 and \$75,000,000 a year interest from the United States Government.

These bonds were purchased on Government credit, yet the Government continues to pay this \$70,000,000 or \$75,000,000 interest, whatever it may be, to these Federal Reserve banks, and all of this on a paid-in capital of only \$146,000,000.

PERFECTING AMENDMENTS

The Federal Reserve banks were intended for a good purpose. They were organized to extend loans to commerce, agriculture, and industry. The so-called "perfecting amendments" which have been adopted from time to time by Congress have absolutely converted the real intent of the Federal Reserve System so that no longer are these banks serving the public interest as they should serve the public interest; on the contrary, they have become more in the nature of Government bond brokers who are being subsidized by the Government and the officials paid high salaries, in some cases as high as \$30,000 and \$50,000, over which this Congress has no control whatsoever.

DALLAS RESERVE BANK

The Federal Reserve Bank of Dallas, Tex., the district in which I live, has in gold certificates and other cash \$115,000,000. If this bank were carrying out the duty it was organized to perform, it would probably have outstanding a large amount of discounted bills. Although it has \$115,000,000 which you might say is in cash, you will probably be shocked to learn that this bank has outstanding today in loans the small and insignificant sum of \$12,000.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, as I stated, there is outstanding the small, insignificant sum of \$12,000 in loans to commerce, agriculture, and industry. All the Federal Reserve banks of the Nation have outstanding only \$7,000,000 in bills discounted. I repeat, \$7,000,000 is all that these Federal Reserve banks all over the Nation have outstanding in discounted bills. They have in Government securities, as I told you previously, approximately two and one-half billion dollars upon which the Government is paying interest. The banks have approximately three and one-half billion dollars in Federal Reserve notes outstanding, and practically all of this money was obtained by purchasing Government bonds and then redepositing those Government bonds with themselves, calling up the Bureau of Engraving and Printing, referred to here in this bill, and getting money in return for the bonds. They do not pay one penny tax; they do not pay for the use of Government credit. They use the credit of this Nation free of charge. The only charge that is made or assessed against them is the actual cost of printing and the distinctive paper included here in this bill is intended for the purpose of making this paper money. In making the paper money the cost is about 27 cents per \$1,000, and that is absolutely the only cost and the only fee that is charged or assessed against these banks for this money.

GOVERNMENT GUARANTY BEHIND PAPER MONEY

These Federal Reserve notes made out of this distinctive paper is not a guaranty by the Federal Reserve banks alone. If you will look at one of these Federal Reserve notes you will notice that the United States Government agrees to redeem this money. In other words, it is a blanket mortgage of the Government on all the property of all the people of this Nation. It is a mortgage or a lien upon the income of all the people. It is just a blank mortgage. For the great privilege that each one of these banks exercises in the way of issuing these blanket mortgages they pay not one penny.

IDIOTIC SYSTEM

If we were starting a country anew and someone should get up as a delegate to the convention and suggest that we have the same kind of monetary system that we have today, he would be thrown out of the window. They would not stand for it. It would be idiotic and imbecilic. We would not put up with this situation if we were starting anew. This system has grown up over a period of 100 years and more. No one person and no one political party is directly responsible. It is just an outgrowth of an old system, amended many times by a Congress that did not give a great deal of consideration to the matter.

Mr. ARNOLD. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. ARNOLD. The gentleman is aware of the fact, is he not, that there is a limitation on banks that have the right to issue currency as to how much they may issue?

Mr. PATMAN. I am aware of that fact on the national currency alone. There are three kinds of this paper. You have the national currency, and the gentleman is right with reference to national currency. They are restricted to the capital stock of the national bank, and on Federal bank notes they must pay a tax of one-fourth percent or one-half percent. On Federal Reserve notes there is no limitation and

no tax. The gentleman from Illinois will probably remember that the gentleman from Massachusetts the other day said that the administration compelled these Federal Reserve banks to take \$200,000,000 of new money last year, but they would not keep it. They just retired that money.

The reason for this is that on the Federal Reserve bank notes they have to pay this one-fourth of 1 percent semi-annual tax. On Federal Reserve notes they do not pay any tax at all, and therefore they wanted to get these notes out of the way because they had to pay this small tax charge.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read down to and including line 22 on page 15.

Mr. ARNOLD. Mr. Chairman, I offer a committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. ARNOLD: Page 13, line 22, strike out the words "resolution numbered" and insert in lieu thereof "resolutions numbered 40 and."

The committee amendment was agreed to.

The Clerk read as follows:

Outfit: For outfits, including repairs to portable equipment at shore units, ship chandlery, engineers' stores, and draft animals and their maintenance, \$1,304,455.

Mr. ARNOLD. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. ARNOLD: Page 20, line 6, strike out the word "outfit" and insert in lieu thereof the word "outfits."

The committee amendment was agreed to.

The Clerk read as follows:

Salaries and expenses: For the Director, two Assistant Directors, and other personal services in the District of Columbia, including wages of rotary-press plate printers at per diem rates and all other plate printers at piece rates to be fixed by the Secretary of the Treasury, not to exceed the rates usually paid for such work; for engravers' and printers' materials and other materials, including distinctive and nondistinctive paper, except distinctive paper for United States currency, national-bank currency, and Federal Reserve bank currency; equipment of, repairs to, and maintenance of buildings and grounds and for minor alterations to buildings; directories, technical books and periodicals, and books of reference, not exceeding \$300; rent of warehouse in the District of Columbia; traveling expenses not to exceed \$2,000; equipment, maintenance, and supplies for the emergency room for the use of all employees in the Bureau of Engraving and Printing who may be taken suddenly ill or receive injury while on duty; miscellaneous expenses, including not to exceed \$1,500 for articles approved by the Secretary of the Treasury as being necessary for the protection of the persons of employees; for transfer to the Bureau of Standards for scientific investigations in connection with the work of the Bureau of Engraving and Printing, not to exceed \$15,000; and for the maintenance and driving of two motor-propelled passenger-carrying vehicles, \$5,983,247, to be expended under the direction of the Secretary of the Treasury.

AMOUNT OF PAPER MONEY ISSUED TO NATIONAL BANKS

Mr. PATMAN. Mr. Chairman, I move to strike out the last word of this paragraph relating to the Bureau of Engraving and Printing.

I did not answer the gentleman's question a while ago, and I want to take a moment or two to do so now.

The national currency, it is true, is limited to the capital stock of the banks. The capital stock of the national banks of the Nation today aggregates about \$1,500,000,000. This would be the limit of currency they could obtain in return for bonds, but with respect to Federal Reserve notes the sky is the limit, because there is no limitation.

The Federal Reserve banks can place an unlimited number of Government securities with the Federal Reserve agents and receive in return Federal Reserve notes. Incidentally the Federal Reserve agent who receives the securities for deposit is chairman of the board of directors of the bank.

UNITED STATES NOTES

Another paper currency that is outstanding that is generally used is the United States note, and the amount of these outstanding is \$346,000,000. They were first issued in 1862 and upon this amount of money, \$346,000,000, no one is paying interest. If you will take this paper money and look at it, you will find "United States note" at the top of it. No

one is paying interest on this money, and if we calculate the interest on the basis of 5 percent, compounded annually, this money has saved the American people \$13,000,000,000 during the time it has been in existence.

This is the difference between the money outstanding upon which no one is paying interest and the money outstanding upon which someone is always paying interest.

Mr. HARLAN. Mr. Chairman, will the gentleman yield for a question?

Mr. PATMAN. I yield to the gentleman.

Mr. HARLAN. Just what system of control has the gentleman in mind if we do away with the system of issuing currency and charging interest for it or having an interest-charge control and if we do away with the metallic control? What control does the gentleman have in mind for our paper currency?

Mr. PATMAN. We do not have to do away with the metallic control. If you want to, you can do that domestically, but I think it would interfere with our trade with foreign countries if you did, but I have in mind that the credit of the Nation should be used by the Nation free of charge and that the Government should not pay interest upon its own credit.

Mr. HARLAN. What is the gentleman's system of control?

Mr. PATMAN. The system of control would be through the reserve requirements of banks. If you were to issue, say, \$10,000,000,000 in currency in return for \$10,000,000,000 in Government bonds, you would immediately say that would be undue or unbridled inflation, and it would be under our present system, because the banks could take that \$10,000,000,000 and issue \$100,000,000,000 in credit. However, if you changed the reserve requirements of banks at the same time you put money in circulation, you can absolutely prevent any inflation or expansion at all, up to the maximum amount of the deposits.

Mr. KELLER. Will the gentleman make that specific?

Mr. PATMAN. In other words, suppose you were to issue \$10,000,000 in return for \$10,000,000 of Government bonds; you could say to the banks that hereafter, instead of lending \$10 to every \$1 you have in your vaults, you can only lend \$5 to every \$1 in your vaults; and then, if there were still danger of inflation, you could change that to 4 to 1 or 3 to 1 or 2 to 1, or, eventually, reach that stage, which I hope the country will reach one of these days, when there will be a 100-percent reserve requirement for banks. Then, banks can only lend the money they actually have and cannot lend bookkeeping transactions and pencil marks as money which is, in fact, credit. This is what I should like to see the country come to—100-percent reserve requirements for banks.

The other paper money that is outstanding is the silver certificate. You know, most of the money you are handling around the Capitol today is new silver certificates, issued by the Bureau of Engraving and Printing. So, I repeat, that our system should be changed to the extent that the Government will not pay interest on its own credit, and thereby save a billion dollars a year in interest charges.

[Here the gavel fell.]

Mr. MILLARD. Mr. Chairman, I rise in opposition to the pro forma amendment in order to inquire how much longer we are going to continue tonight, as it is apparent we cannot finish the bill today?

Mr. ARNOLD. May I say to the gentleman that we hope to progress far enough tonight so that we can complete the consideration of the bill tomorrow, which will enable us to adjourn over Saturday, and I should like to proceed for, perhaps, 30 minutes.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Suppressing counterfeiting and other crimes: For expenses incurred under authority or with the approval of the Secretary of the Treasury in detecting, arresting, and delivering into the custody of the United States marshal having jurisdiction dealers and pretended dealers in counterfeit money and persons engaged in counterfeiting, forging, and altering United States notes, bonds, national-bank notes, Federal Reserve notes, Federal Reserve bank notes, and other obligations and securities of the United States and of foreign governments, as well as the coins of the United States and of foreign governments, and other crimes against the laws of the United States relating to the Treasury Department and

the several branches of the public service under its control; purchase (not to exceed \$25,000), exchange, hire, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles when necessary; purchase of arms and ammunition; traveling expenses; and for no other purpose whatsoever, except in the performance of other duties specifically authorized by law, and in the protection of the person of the President and the members of his immediate family and of the person chosen to be President of the United States, \$675,000, of which sum \$25,000 shall be immediately available: *Provided*, That no part of this amount shall be used in defraying the expenses of any person subpoenaed by the United States courts to attend any trial before a United States court or preliminary examination before any United States commissioner, which expenses shall be paid from the appropriation for "Fees of witnesses, United States courts": *Provided further*, That of the amount herein appropriated, not to exceed \$10,000 may be expended in the discretion of the Secretary of the Treasury for the purpose of securing information concerning violations of the laws relating to the Treasury Department, and for services or information looking toward the apprehension of criminals.

Mr. BLANTON. Mr. Chairman, on page 23; lines 20 and 21, I move to strike out the words "under the authority or with the approval of", which is a pro forma motion.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. Mr. Chairman, while our distinguished colleague from California [Mrs. KAHN] is in the Chamber, I want to refer to her remarks made earlier in the day when she read into the RECORD the story about King Ahab coveting Naboth's little vineyard.

That story as told in chapter 21 of I Kings is one complete story about a selfish, cruel, covetous, powerful, wicked King of Samaria, who, assisted by his wicked, cruel wife, Jezebel, caused poor Naboth to be framed with false accusations and murdered, so that King Ahab might take from Naboth his little home.

During her long and distinguished and valuable service here, all of us Members of the House, on both sides of the aisle, have learned to love our colleague from California [Mrs. KAHN] for her numerous admirable qualities, and I cannot understand her purpose in reading into the RECORD this sermon about greed, and power, and covetousness, and murder, and robbery embraced in this story of King Ahab and Naboth's vineyard.

She spoke of our surrendering power after power, and privilege after privilege, and prerogative after prerogative, and wound up by saying that before we surrender any more rights of the people we should well ponder what Naboth said to King Ahab. We have not surrendered any power, or privilege, or prerogative, except to the President of the United States. I do not see how on earth she can make any application of Ahab coveting Naboth's land to our President.

Mrs. KAHN. Will the gentleman yield? I had no intention of referring to the President in any way, shape, or manner. What I referred to is the abrogation of our rights. The gentleman should not put words into my mouth that I did not utter.

Mr. BLANTON. I am glad the gentlewoman from California has said that, but those who read the RECORD and her quotation from the Bible may misconstrue what she said.

The President of the United States has taken no vineyard from any poor man. He has coveted no property belonging to another. He has denied no poor person in this country anything to which he is entitled. He has been giving to them the necessities of life. When men and women were unable to get food for themselves and their children, it has been the President of the United States who has provided food for them; he has provided lodging for them, he has provided clothing for them; he has done it for the people of San Francisco as well as for other cities in the United States.

When people read the remarks of our colleague, and her quotation from the Bible about King Ahab and Naboth's vineyard, I want them to know that same is not in any way applicable to the chief ruler of this Nation, but that every power this Congress has delegated to our President is being unselfishly and generously used by him for and on behalf of

all of the poor people of the United States, and for the best interest of all of our citizens in the land.

Our good friend from California is such a delightful colleague and her service here has been so valuable, and she has merited and retained the confidence and respect and esteem of all of us to such an extent that we do not expect any political attacks from her. We expect these political attacks to come from the old seasoned politicians from across the aisle. In the history of the world, when has there been power less abused or used more in behalf of all of the people than at the present time? The President of the United States is using all of his power and the resources of this Government unselfishly in the interest of the people.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield to the most seasoned politician next to the gentleman from Potsdam, who sits across the aisle.

Mr. MARTIN of Massachusetts. I simply rise to inquire what classification the gentleman puts himself in—statesman or politician.

Mr. BLANTON. Sometimes I am forced to be a little of both, when it becomes my duty to answer political attacks.

Mr. MARTIN of Massachusetts. What is he now, when he is attacking the gentlewoman from California?

Mr. BLANTON. I am not attacking anybody. I am trying to keep you fellows from letting somebody else pull your chestnuts out of the fire for you. I want you to do it yourself, and not let it be done by so good a friend of ours as the gentlewoman from California.

Mr. MARTIN of Massachusetts. Does the gentleman think for a minute that we would have a lady do that?

Mr. BLANTON. Without her assurance to the contrary, readers of her remarks and quotation from the Bible in the RECORD might have interpreted it to mean that she was attacking the President, and I am glad her denial is in the RECORD.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. That is all I want to say.

Mrs. KAHN. Mr. Chairman, I rise in opposition to the pro forma amendment. There is an old saying, "I fear the Greeks, even though they bear gifts", and when our very respected and brilliant statesman from the State of Texas begins to throw bouquets when he starts to make a speech I am always wondering what is going to follow. I think the misinterpretation put on the remarks I made a short time ago rests entirely in the mind of the gentleman from Texas [Mr. BLANTON]. I feel quite sure that no right-minded, right-thinking person could interpret what I said as an attack on the President of the United States.

In the use of the simile I was very careful to avoid anything that could reflect upon the President. I was simply appealing to the House of Representatives to stop this delegation of our power. I feel very deeply upon the question of the reciprocal tariff, because that is a delegation of our power that concerns my State more than anything that has been done in this Congress. Among the 200 industries listed as inefficient under the definition of the representative of the Department of Agriculture, when he appeared before the Finance Committee of the Senate, 60 of them come from the State of California. These are all liable to be affected by the reciprocal-tariff agreement, and I simply was using the parable as a plea to the Members of the House of Representatives to stop and think before they again surrender powers that they hold in trust. [Applause.]

Mr. MILLARD. Mr. Chairman, I make the point of order that there is no quorum present. It is too bad to have such speeches as those made by the gentleman from Texas and the gentlewoman from California made in the presence of so few.

Mr. ARNOLD. Oh, I hope the gentleman will not make that point at this time. Let us get along to where we can adjourn, so that we can finish the bill tomorrow.

Mr. MILLARD. Then let us have no more speeches such as the gentleman from Texas indulged in.

Mr. BLANTON. Oh, we are going to answer every attack that is made on the President of the United States from now on until we adjourn, so do not make attacks on him if you do not want to have them answered.

Mr. MILLARD. I withdraw the point of order.

The Clerk read as follows:

General administrative expenses: For architectural, engineering, mechanical, administrative, clerical, and other personal services, traveling expenses, including expenses of employees directed by the Secretary of the Treasury to attend meetings of technical and professional societies in connection with subjects related to the work of the Division of Procurement, Public Works Branch, and transportation of household goods, incident to change of headquarters of all employees engaged in field activities, not to exceed 5,000 pounds at any one time, together with the necessary expenses incident to packing and draying same; advertising, testing instruments, law books, books of reference, technical periodicals and journals, drafting materials, especially prepared paper, typewriting machines, adding machines and other mechanical labor-saving devices, and exchange of same, carpets, electric-light fixtures, furniture, equipment, and repairs thereto, telegraph and telephone service, freight, expressage, and postage incident to the transportation of drawings to and from the office and such other contingencies, articles, services, or supplies as the Secretary of the Treasury may deem necessary and specially order or approve in connection with any of the work of the Procurement Division, Public Works Branch; rent in the District of Columbia and elsewhere, including ground rent of the Federal building at Salamanca, N. Y., for which payment made be made in advance; \$920,000, of which amount not to exceed \$494,940 may be expended for personal services in the District of Columbia and not to exceed \$289,060 for personal services in the field: *Provided*, That the foregoing appropriations shall not be available for the cost of surveys, plaster models, progress photographs, test pits and borings, or mill and shop inspections, but the cost thereof shall be construed to be chargeable against the construction appropriations of the respective projects to which they relate: *Provided further*, That no expenditures shall be made hereunder for transportation of operating supplies for public buildings: *Provided further*, That in no case shall the rates of compensation for the mechanical labor force in the field under this appropriation be in excess of the rates current at the time and in the place where such services are employed.

Mr. ARNOLD. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. ARNOLD: Page 34, line 16, strike out the word "made" and insert in lieu thereof the word "may."

The committee amendment was agreed to.

The Clerk read as follows:

Repairs to typewriting machines (except bookkeeping and billing machines) in the Government service in the District of Columbia may be made at cost by the Procurement Division, payment therefor to be effected by charging the proper appropriation and crediting the appropriation "Salaries and expenses, Procurement Division."

Mr. ARNOLD. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. ARNOLD: Page 42, line 15, after the word "division", insert a comma and "supply branch."

Mr. ARNOLD. That is simply a clarifying amendment, Mr. Chairman.

The committee amendment was agreed to.

The Clerk read down to and including line 20 on page 43.

Mr. ARNOLD. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. BLANTON] having assumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 4442, the Treasury and Post Office Departments appropriation bill, had come to no resolution thereon.

EXTENDING THE FUNCTIONS OF THE RECONSTRUCTION FINANCE CORPORATION

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEFAN. Mr. Speaker, this afternoon the House voted on the conference report on S. 1175, the bill to extend the functions of the Reconstruction Finance Corporation for 2 years. The bill was sent to conference yesterday, and the conferees worked until late into the night. The House conferees reported that the Senate conferees agreed to a number of changes in the original Senate bill and receded from their differences excepting two.

Day before yesterday the House inserted an amendment in the bill, following the time that it had been reported by the committee, which was designed to effect a measure of protection to real-estate bondholders. The amendment provided that any assistance given to any financial institution by the Corporation shall be conditioned upon the agreement that it will not use the funds so obtained in the reorganization of any real-estate enterprise with outstanding debts of \$50,000 or more unless the plan of such reorganization shall have first been approved by the Securities and Exchange Commission, the approval to have regard to the initial investment of creditors and stockholders.

This amendment traced its beginning to the issuance, in the decade preceding 1930, of ten or eleven billions of real-estate securities on large apartment buildings, hotels, and commercial structures in New York, Detroit, Milwaukee, Chicago, and elsewhere, and to the fact that investigation has disclosed that about \$8,000,000,000 of those bonds are now in default. Approximately 4,000,000 such bondholders are affected. In the meantime they have been obliged to dispose of their bonds for 8, 12, and 15 cents on the dollar, and many mortgage companies have purchased the bonds for that low price.

The amendment proposed that in reorganizations of these companies, where the Government advances the money for the purpose of reorganization, the actual price paid for the bonds shall be taken into consideration, and those people who acquired these bonds for a few cents on the dollar shall not receive in reorganization the equivalent of 100 cents on the dollar paid by the original purchaser. That amendment was eliminated in conference. Those in charge of the R. F. C. legislation today pleaded for early adoption of the conference report because an emergency was involved, in that otherwise the legislative tenure of the R. F. C. will expire at midnight. It was urged that at another time an appropriate measure could be passed for the protection of these small bondholders. Nevertheless, a number of Members voted against the report just to put the House on notice that they wanted something done to help the common people and the small investors in this type of bonds. Attention was called to the fact that receivers' fees, trustees' fees, fees for the management corporations, and fees for bondholders' protective committees pyramided to such an extent that nothing is left for the bondholders.

I voted against the report because I know that thousands of people in Nebraska bought many building bonds which are worthless today, and that trustees and attorneys have made much money out of the misfortunes of these small investors. Of course, the report was adopted over our protest, but we believe that we made sufficient impression to pave the way for a bill which will bring substantial assistance to the small bondholders in Nebraska and the other States.

NATIONAL DEFENSE

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by the Secretary of War, Hon. George H. Dern, before the Tenth Annual Meeting of the Women's Patriotic Conference, held at the Mayflower Hotel on January 30.

The SPEAKER pro tempore (Mr. BLANTON). Is there objection to the request of the gentleman from South Carolina [Mr. McMILLAN]?

There was no objection.

Mr. McMILLAN. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address delivered by the Honorable George H. Dern, Secretary of War, at the Tenth Annual Women's Patriotic Conference on National Defense, Washington, D. C., January 30, 1935:

To be invited to address this distinguished gathering is an honor which I appreciate most highly. You are meeting in the interest of national defense and you have asked me, as Secretary of War, to discuss briefly one of the most important problems in the world, the problem of peace and war—peace and how to preserve it; war and how to prevent it.

For the past few years our minds have been busy with the depression. That is tremendously important, but, after all, it is temporary. One of these days we shall wake up and find that the depression is gone and that the country is prosperous again.

But the question of war will remain. It is the one overwhelming question that mankind has never solved. It is a question that affects and involves every human being. It is a problem that arose long before the dawn of recorded history, and it is as much of a riddle in our own civilized epoch as it was in the primitive days of savagery. Wise men and philosophers of all ages have wrestled with it. Statesmen and churchmen have cried, "Out, damned spot!" but the spot is still there. No one can deny that, and every person, no matter how lofty his ideals, must be willing to face the facts. If we do not base our arguments on fact, our conclusions are bound to be foolish.

War is not a pleasant theme to discuss, and it is not my purpose to gloss over its hideousness by dwelling on its glory, heroism, and sacrifice. When some idealists say war is wicked, futile, and obsolete, there are other idealists who still ask, "Is life so dear or peace so sweet as to be purchased at the price of chains and slavery?"

You women do not need to be reminded that our country was born in war, and that therefore the results of war are not always wholly bad. If the ancient Greeks had not been willing to fight and die at Marathon, Thermopylae, Salamis, and Plataea, the Persians would have wiped out the beginnings of our western civilization, and Europe would have become an extension of Asiatic civilization. If the Romans had not, in spite of repeated disasters, persisted in defying Hannibal, African Carthage with its gloomy and horrible religion of human sacrifice would have taken possession of Europe. If Charles Martel had not defeated the Mohammedan hosts at Tours in 732, what would have become of Christianity? Were all these critical battles in defense of our civilization great mistakes? Would the world be better off today if there had never been a battle?

There is no doubt that war has played a major part in shaping history. Nevertheless, the desire for peace is universal; and I prefer to speak of the preservation of peace rather than of the glory of war.

There is much superficial talk about peace and war. Extremists for national defense have a habit of dubbing all who do not agree with them "pacifists". In retaliation, those who are active in the peace movement are prone to call the others "militarists". Both are wrong, and both hurt their respective causes by calling names.

A pacifist, strictly speaking, is opposed to war under any circumstances, and hence is opposed to any sort of military establishment, even for defensive purposes. He believes in the doctrine of nonresistance, or turning the other cheek—a fine Christian precept which hardly any Christian practices. There is only a handful of that sort of pacifists in the United States, notwithstanding the fact that we have millions of earnest peace advocates who may be willing to turn the other cheek but do not find anything in the Scriptures that tells them what to do after being smitten on both cheeks.

A militarist, in the strictest sense, believes in wars and battles as the only proper means for settling quarrels between nations. Militarists of this sort are scarce as hen's teeth in the United States, even in the Army and Navy. This type of militarist is largely a figment of the imagination.

Since the extremists of both types are so rare, we may, for all practical purposes, dismiss them from our minds. Let us talk about the rest of us, who are in between.

The human species is a strange paradox. All history proves man to be a fighting animal, and yet his soul yearns for peace. The peace movement did not originate in this generation. Away back in Old Testament times prophets were dreaming of beating swords into plowshares and spears into pruning hooks; and yet if swords have been beaten into plowshares at all, the only reason is that the sword has become an obsolete weapon in this age of artillery and machine guns.

Nineteen hundred years ago the Prince of Peace preached peace on earth. Although we Christians give lip service to that exalted ideal, yet candor compels us to admit that the Christian era is a record of one war after another. Our own peace-loving country has had six major wars and has been at war 1 year in every 8 of its brief existence. This is worse than the record of the world as a whole, which, it has been estimated, has had 1 year of war in every 13 during the same period. It looks as if human nature were not changing very fast. It also appears that democracy is not a cure for war.

And yet most good people (and nearly all people are good people) yearn for permanent peace. Since the human family longs for peace, I cannot find it in my heart to find fault with those who want to limit war. Indeed, to that extent I am a pacifist myself. Although I have never believed in disarming our country while the rest of the world remains armed to the teeth, yet I instinctively sympathize with every attempt to make armed conflict less probable. I hope and believe I am typical of the average American citizen in that respect. I cheerfully give the peace advocates full credit for sincerity of purpose, purity of intention, and devotion to a lofty ideal. We need their inspiration to keep us from sinking into the despair of gross materialism and narrow selfishness.

To avoid the stigma that attaches to the words "pacifist" and "militarist", let us drop those terms and say there is one school which holds that the best way to insure peace is to be prepared for war, and another school which contends that preparedness is either unnecessary or else dangerous because it provokes war. If that is a fair statement, the first thing to catch our attention is that both schools want to prevent war. They both have the same objective but are trying to reach it by different if not opposite routes.

Those who are actively devoting themselves to the cause of world peace should not be condemned or denounced for what they would like to bring about. I sometimes wonder, however, if they are always wise in the kind of campaign they are carrying on against war. Very properly they attack the causes of war, for the way to cure a disease is to remove the cause. But when they attack the United States Army and Navy as one of the causes of war, I wonder if they are acting advisedly, and if they are actually promoting peace.

Patrick Henry said, "I have but one lamp by which my feet are guided, and that is the lamp of experience. I know of no way of judging the future but by the past." Is there any experience to warrant the accusation that the United States Army is or ever has been a cause of war? When and where did the Army ever provoke a war? And when I say "Army" I mean our whole national defense establishment, including the Navy.

Did the Army start the Revolutionary War? Hardly, for there was no army until after that war began.

Did the Army start the War of 1812? History has never laid the responsibility for that war for sailors' rights at the door of any but civilian agitators.

Did the Army have any part in instigating the Mexican War? No one has ever said so. The expansionists who brought it on were all civilians.

How about the War between the States? Did the Army incite that? It would be most ridiculous to make such a charge when the Army itself was divided in that conflict, many of its outstanding officers going over to the side of the Confederacy because they put State loyalty ahead of national loyalty.

Was the Spanish-American War incited by the Army? There are plenty of us who remember that those who stirred up that war were not soldiers but crusading civilians in and out of Congress.

There remains only the World War. We do not need to strain our memories very hard to recall that there was hardly an Army officer among those who inflamed the public mind until Congress was forced to declare war.

No; the Army did not cause any of our wars; but it stopped every one of them. The people bring about wars and the Army brings about peace.

Since the Army of the United States has never in the slightest degree been responsible for bringing on a war, where is the experience which justifies the friends of peace in listing the Army among the causes of war? It seems to me they are barking up the wrong tree, and that their conclusion is foolish because their argument is not based on facts. It would be as logical to say that fire departments cause fires, and that the way to stop fires is to disband our fire departments.

Our six major wars were all started by the people, for whenever Congress has declared war it has always been in response to public opinion. The people are therefore a fruitful cause of war. If those who claim that one of the ways to prevent war is to abolish the Army pretend to be consistent, they must also say that another way to prevent war is to abolish the people. That shows the absurdity of the argument and exposes its fallacy.

We may have such confidence in our own pacific intentions as to feel that we do not need an Army, but can we be certain that there are no potential aggressors in the world, no more Genghis Khans or Napoleons, who would look with covetous eyes upon our lands and wealth if we are not able to protect them? Does the history of the world during recent years give any comfort to those who would like to believe that aggressive warfare is a thing of the past, and that force and violence have been relegated to the limbo for forgotten evils?

The Army desires peace just as fervently as do the civilian peace lovers, for soldiers know better than any others what a hellish business actual warfare is. They suffer most from its horrors, and they want none of it if it can be avoided. They have no desire to make widows and orphans of their wives and children. It is a grotesque fallacy that the Army and Navy are always spoiling for a fight and are dangerous trouble makers. Their mission is to keep us out of trouble and to get us out of trouble.

There is another popular fallacy that ought to be exploded. I refer to the hypothesis that military training at colleges and high schools creates a spirit of militarism in the boys. On this subject I can speak from my own experience. When I was a student at the University of Nebraska military drill was compulsory and it was disliked by most of the students, not because they thought it would make them militarists but simply because they regarded it as a nuisance, like higher mathematics and Latin. It took up time that might be more pleasantly employed in talking to the coeds on the campus. It made us obey orders instead of doing as we sweet pleased. It required us to be too confoundedly particular about our appearance, and it necessitated punctuality and politeness. It laid so much emphasis upon doing our work with precision and thoroughness. It is no fun to break a lot of old habits of carelessness that are harmful and acquire new ones that are helpful. In the mind of the average youngster that smacks of tyranny,

and we Americans resent tyranny in any form. And so many of the boys looked for excuses to get out of drill, whilst the rest just tolerated, and felt relieved when they had served their required time and could forget it. I recall only two fellow students out of several thousand who went in for an Army career as a result of the training we received from our popular and efficient commandant, Lt. John J. Pershing, but all were personally benefited and better prepared to do their part if the country needed them.

My own experience was repeated in that of my three sons, all of whom had compulsory military training in high school, and each of them apparently disliked it as I had. It certainly did not make militarists of them, nor of any of our neighbors' boys, any more than the study of Latin and geometry made them Latin scholars or mathematicians. And so I think this is another case of reaching a foolish conclusion, because the argument is not based on facts.

Military training, however, does boys a lot of good. I agree with Principal Fred D. Keeler, of the West High School of Salt Lake City, who said recently:

"R. O. T. C. makes for a democratic school spirit. It calls for a correct attitude of mind toward this work, as well as toward all school work. Most of the requirements of this training are likewise essential to success in civil life. Military training has also for its purpose the development of honest, just, and faithful men. Honor has always been one of a true soldier's virtues. He is taught that truthfulness is the great anchor to which to attach his every word and act."

My observation has been that most of those who denounce the R. O. T. C. system as militarization of our youth have never had a son in an R. O. T. C. unit, but do have vivid imaginations. Perhaps they are like the girl who was crying because she had a sad thought that was just more than she could bear. She feared she might get married some time and might have a baby, and the baby might fall into the river and be drowned.

Personally I am very pleased that those who denounce the R. O. T. C. system as militarization of our youth have taken their complaint to the United States Supreme Court. The decision of that tribunal that military training as a required part of a college curriculum is in no sense an infringement of the constitutional rights of any student should settle the matter and end the discussion. The duty of a citizen to bear arms, if need be, in defense of his country is fundamental, and the requirement of some colleges that their students shall devote a small part of their time to preparing to discharge this obligation is entirely reasonable. I regard the Reserve Officers' Training Corps as indispensable to our national defense.

The officers of the United States Army are drawn from all elements of society and constitute a good cross section of American citizenship. They have homes and parents and wives and children just like civilians. They have the same mental, moral, and spiritual reactions as the rest of us. They are patriotic and know the spirit of America. They do not want to be part of a military machine for foreign aggression. They want the Army to be an efficient organization to be used for defense only. They believe in the good old American motto, "Millions for defense, but not one cent for tribute." And they are not convinced that the world as a whole has yet reached the millennium in which national avarice and ambition and prejudice have been outgrown and renounced forever.

And so they feel, as most Americans feel, that, though we covet the lands or wealth of no other country, we had better carry a little burglary insurance for a while yet.

The Father of his Country was wise in his day and generation and much of his advice is still good, despite the fact that industrialism, science, and the machine have completely transformed the country which he knew. On the subject of national defense his philosophy was "In time of peace prepare for war." Surely no one would accuse George Washington of being a truculent, swash-buckling militarist, who wanted an Army so as to be able to stir up a war every now and then. Surely he had seen enough of the hardship and cruelty, the horror and waste of war to be heartily sick of it. But Washington was not a man to blink the facts. Although endowed with deep love for his fellowman, he, too, took the world as he found it. He did not expect too much of human nature. He took men as God had made and endowed him—not as an angel from heaven.

He knew that man is imperfect; that he has been and always will be subject to human frailties and limitations. He knew that man, whether individually or in large groups called "nations", is often selfish and foolish; and, knowing these human weaknesses, he felt that war was inevitable. Perhaps he did not claim that preparedness would always prevent war, but he was very certain that when once drawn into a war a prepared nation runs less risk of being defeated than an unprepared nation.

Moreover, Washington was a keen enough observer and knew enough history to understand that there can be no organized society without some form of police power. Even in a small town, where all the residents are presumed to be friends and neighbors, the policeman is still necessary, and in a large city a large armed police force is required to protect the lives and property of the citizens. The Father of his Country might have asked, "If we need protection against our own neighbors and fellow citizens, how can we feel secure against the evil intentions of distant enemies, whose ambitions and jealousies and problems we do not comprehend?" And so he rightly concluded that when domestic crime and violence are abolished within the nations it will be safe to say that there is no danger of international trespasses, but not until then.

He knew, too, as we all know, that the most highly civilized society is still based on force and that it is idle to say that force

is obsolete. It is begging the question to say that in our domestic relations we have renounced force and settle our disputes through the orderly processes of the courts. The fact of the matter is that behind every judge there stands the policeman or the sheriff, ready to enforce the court's decrees by force if need be.

The most ardent peace advocate will advance his own hopes faster if he will frankly recognize these facts and quit arguing from false hypotheses.

This does not mean that the peace societies should disband. On the contrary, it will simply release them for more effective activities in behalf of world peace through attacking the real causes of international hostility.

What are some of the causes of war? Trade restrictions which are intended to benefit one country by destroying the industries and impoverishing the workers of another country are one. Indeed, they are in themselves a form of warfare and are liable to lead to armed conflict.

Mutual distrust is another thing that keeps nations jumpy and ready to fly at each other's throats.

Racial and national prejudices are another cause of friction that may generate heat enough to start a conflagration. We ought to cultivate international good will and international good manners. Burke said, "To make us love our country, our country ought to be lovely." We might add that if we want other nations to love our country, our country ought to be lovely.

Lack of some suitable tribunal to adjudicate international disputes sometimes forces recourse to arms.

In these directions the peace organizations can find an outlet for all their energies. Let them begin at home by breaking down our own bumptious sense of superiority, our prejudices against other countries and other forms of government, our selfishness, and our provincialism, so that we shall recognize that peoples of other nations are human beings like ourselves and not some other sort of animal to be hated and feared. A little more fairness and tolerance, a little more Christian charity, a little more friendship and brotherhood—these are the things that will reduce the danger of war.

Let them continue their efforts toward intelligent limitation of armament so as to make invasion more difficult.

Finally, let the efforts toward international cooperation be kept up. A policy of isolation is a dangerous policy so far as preserving peace is concerned. We ought to put ourselves in the right frame of mind to be good neighbors and good world citizens. Intense nationalism such as we are now cultivating in this country is more apt to breed wars than to prevent wars. Any nation that goes strongly nationalistic had better build up its military establishment. Friendly cooperation, not frenzied rivalry, points the road to peace and is the American way.

Surely we want our beloved country to be a good citizen in the community of nations, not selfishly minding her own business only, but performing an honorable part of the world's work. Surely we want the United States loved and honored throughout the world. And if by reason of our justice and benevolence we gain and hold the confidence, admiration, and friendship of all the world, there will be little danger of becoming embroiled in disputes and conflicts. And to be an American then will be an even prouder title than it has ever been before.

Our President, a great humanitarian whose birthday anniversary is being celebrated throughout the land today, has an intimate understanding of the underlying causes of war and is ever alert to further peace. He has a sympathetic understanding of human frailties which lead to armed conflict, and he knows the influence of an adequate defense program in the maintenance of peace. Under his guidance greater strides have been taken during the past 2 years to advance national defense than during the entire remaining period since the World War. The United States Army will continue its mission of preparing for the defense of our country if and when the need may arise, subject always to the authorization and the directives of the proper civil officers of our Government.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 4304. An act to amend the Second Liberty Bond Act, as amended, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1175. An act to extend the functions of the Reconstruction Finance Corporation for 2 years, and for other purposes.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill and joint resolution of the House of the following titles:

H. R. 3410. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1936, and for other purposes; and

H. J. Res. 118. Joint resolution to prohibit expenditure of any moneys for housing, feeding, or transporting conventions or meetings.

ADJOURNMENT

Mr. ARNOLD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House adjourned until tomorrow, Friday, February 1, 1935, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

179. A letter from the Secretary of the Navy, transmitting draft of a proposed bill to authorize the transfer of officers of the Construction Corps of the Navy to the line of the Navy for aeronautical engineering duty only, and for other purposes; to the Committee on Naval Affairs.

180. A letter from the Secretary of War, transmitting draft of a proposed bill to provide relief for disbursing officers of the Army in certain cases; to the Committee on Military Affairs.

181. A letter from the Public Printer, transmitting a report on condition of buildings housing the Government Printing Office (H. Doc. No. 90); to the Committee on Public Buildings and Grounds and ordered to be printed, with illustrations.

182. A letter from the president of the Chesapeake & Potomac Telephone Co., transmitting a statement of receipts and expenditures of that company for the year 1934; to the Committee on the District of Columbia.

183. A letter from the president the Chesapeake & Potomac Telephone Co., transmitting a comparative general balance sheet of that company for the year 1934; to the Committee on the District of Columbia.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAMSPECK: A bill (H. R. 5152) to restore vacations to Government employees, and for other purposes; to the Committee on the Civil Service.

Also, a bill (H. R. 5153) to standardize sick leave and extend it to all civilian employees; to the Committee on the Civil Service.

By Mr. CELLER: A bill (H. R. 5154) to provide for the custody of Federal proclamations, orders, regulations, notices, and other documents, and for the prompt and uniform printing and distribution thereof; to the Committee on the Judiciary.

By Mr. FORD of California: A bill (H. R. 5155) authorizing and directing the Secretary of the Interior to sell to the city of Los Angeles, Calif., certain public lands in California; and granting rights-of-way over public lands and reserve lands to the city of Los Angeles in Mono County in the State of California; to the Committee on the Public Lands.

By Mr. HAINES: A bill (H. R. 5156) to provide for the erection of a statue of Abraham Lincoln in the Gettysburg National Cemetery; to the Committee on the Library.

By Mr. RANDOLPH: A bill (H. R. 5157) to establish a Board of Civil Service Appeal and to amend an act entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field service", approved March 4, 1923, and for other purposes; to the Committee on the Civil Service.

By Mr. BUCKLER of Minnesota: A bill (H. R. 5158) providing for payment of \$25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. DIMOND: A bill (H. R. 5159) to authorize the Postmaster General to contract for air mail service in Alaska; to the Committee on the Post Office and Post Roads.

By Mr. RUDD: A bill (H. R. 5160) to promote the safety of passenger vessels, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SUMNERS of Texas: A bill (H. R. 5161) to amend section 260 of the Judicial Code (U. S. C., title 28, sec. 375) as heretofore amended; to the Committee on the Judiciary.

By Mr. DOBBINS: A bill (H. R. 5162) providing for punishment for attempts to obtain mail by fraud or by deception; to the Committee on the Post Office and Post Roads.

By Mr. CLAIBORNE: A bill (H. R. 5163) to further extend the time for constructing a bridge across the Missouri River at or near St. Charles, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. FULMER: A bill (H. R. 5164) to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended, to provide an interest rate of 3 percent per annum on loans to agricultural improvement districts; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H. R. 5165) to repeal section 701 of the Revenue Act of 1926; to the Committee on Ways and Means.

Also, a bill (H. R. 5166) to direct the distribution of the interest and principal of permanent fund of the Chippewa Indians of Minnesota in accordance with the true purpose and intent of the agreements made pursuant to the act of January 14, 1889; to the Committee on Indian Affairs.

By Mr. MCGROARTY: A bill (H. R. 5167) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat. L. 602), by amending certain portions of sections 3 and 6 thereof; to the Committee on Indian Affairs.

By Mr. LEWIS of Maryland: A bill (H. R. 5168) authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park purposes; to the Committee on Agriculture.

By Mrs. NORTON: A bill (H. R. 5169) to provide for the coinage of medals to be presented to Senator A. Harry Moore, Capt. John Bogan, Sr., and the members of the crew of the fishing sloop *Paramount*; to the Committee on Coinage, Weights, and Measures.

By Mrs. O'DAY (by request): A bill (H. R. 5170) to provide that religious views or philosophical opinions against war shall not debar aliens, otherwise qualified, from citizenship; to the Committee on Immigration and Naturalization.

By Mr. WOOD: A bill (H. R. 5171) to protect labor in its old age; to the Committee on Labor.

By Mr. FULMER: A bill (H. R. 5172) to provide for the building of a suitable monument and the establishment of a national park in Sumter County, S. C., to be known as the "General Thomas Sumter National Park"; to the Committee on the Public Lands.

By Mr. LUNDEEN: A bill (H. R. 5173) to incorporate the National Veterans Association; to the Committee on the Judiciary.

By Mr. LEA of California: A bill (H. R. 5174) to encourage and regulate the use of aircraft in commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDOLPH: Resolution (H. Res. 94) authorizing and directing the Committee on the District of Columbia of the House to investigate all forms of criminal activity in the District of Columbia; to the Committee on Rules.

By Mr. FISH: Resolution (H. Res. 95) authorizing Emanuel Hertz to compile certain data on Abraham Lincoln, and for other purposes; to the Committee on Printing.

Also, resolution (H. Res. 96) directing the Secretary of Labor to transmit to the House of Representatives certain information relating to aliens subject to deportation; to the Committee on Immigration and Naturalization.

By Mr. BLAND: Resolution (H. Res. 97) authorizing an investigation of the *Morro Castle*, *Mohawk*, *Havana*, and other marine disasters; to the Committee on Rules.

By Mr. KELLER: Resolution (H. Res. 98) providing for the appropriation of \$2,500 for the purchase of a portrait of the late Speaker Henry T. Rainey; to the Committee on Accounts.

By Mr. CONNERY: Resolution (H. Res. 99) to authorize the Committee on Accounts, as a whole or by subcommittee, to investigate the needs of the several standing committees of the House for an additional clerk or clerks by reason of increased work; to the Committee on Rules.

By Mr. KELLER: Resolution (H. Res. 100) relative to the separation and dismissal from service of Government employees; to the Committee on Rules.

By Mr. CELLER: Joint resolution (H. J. Res. 147) authorizing the erection of a monument to Grover Cleveland in Washington, D. C.; to the Committee on the Library.

By Mr. BLOOM: Joint Resolution (H. J. Res. 148) providing for the preparation and completion of plans for a comprehensive observance of the one hundred and fiftieth anniversary of the formulation of the Constitution of the United States; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, supporting the Costigan antilynching bill and other like measures; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of New York, opposing the Federal tax on gasoline; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BREWSTER: A bill (H. R. 5175) providing for the examination and survey of Frenchboro Harbor, Maine; to the Committee on Rivers and Harbors.

By Mr. BRUNNER: A bill (H. R. 5176) authorizing the President of the United States to appoint Arthur A. Klein to the position and rank of second lieutenant in the United States Army and immediately retire him with the rank and pay held by him at the time of his discharge; to the Committee on Military Affairs.

Also, a bill (H. R. 5177) for the relief of Joseph Roig; to the Committee on Military Affairs.

Also, a bill (H. R. 5178) for the relief of Gladys E. Faughnan, guardian; to the Committee on Claims.

By Mr. BUCHANAN: A bill (H. R. 5179) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, by including Roger P. Ames among those honored by said act; to the Committee on Military Affairs.

By Mr. CARTWRIGHT: A bill (H. R. 5180) granting a pension to Ella C. Maddux; to the Committee on Invalid Pensions.

By Mr. DALY: A bill (H. R. 5181) authorizing the Secretary of the Treasury to refund to creditors' committee of the Progressive Commercial Co. of Philadelphia, Pa., income taxes illegally and wrongfully paid to the Commissioner of Internal Revenue; to the Committee on Claims.

By Mr. DIETRICH: A bill (H. R. 5182) for the relief of Genevieve S. McKibbin; to the Committee on Claims.

Also, a bill (H. R. 5183) granting a pension to Mary Turk Wilmot; to the Committee on Pensions.

By Mr. DUFFEY of Ohio: A bill (H. R. 5184) providing for an examination and survey with a view to the construction of a harbor at and near Marblehead, Ohio; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 5185) providing for an examination and survey with a view to the construction of a harbor at and near Put-in-Bay, Ohio; to the Committee on Rivers and Harbors.

By Mr. GILCHRIST: A bill (H. R. 5186) for the relief of Harry Blanchard Trotter; to the Committee on Military Affairs.

By Mr. GOLDSBOROUGH: A bill (H. R. 5187) for the relief of William Zeiss; to the Committee on Claims.

By Mr. HOEPEL: A bill (H. R. 5188) for the relief of W. F. Yerian; to the Committee on Naval Affairs.

By Mr. JOHNSON of Texas: A bill (H. R. 5189) for the relief of William Edward Tidwell; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H. R. 5190) for the relief of John F. Patterson; to the Committee on Military Affairs.

Also, a bill (H. R. 5191) for the relief of the Pokegama Sanatorium; to the Committee on Claims.

By Mr. LEMKE: A bill (H. R. 5192) for the relief of the rightful heir of Joseph Gayton; to the Committee on Indian Affairs.

Also, a bill (H. R. 5193) for the relief of H. M. Pippin; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 5194) granting a pension to Joseph F. Murphy; to the Committee on Pensions.

By Mr. McSWAIN: A bill (H. R. 5195) for the relief of the heirs of Mrs. F. L. Stone; to the Committee on War Claims.

By Mr. MAPES: A bill (H. R. 5196) for the relief of Hasip Kassouf; to the Committee on Military Affairs.

By Mr. MARTIN of Massachusetts: A bill (H. R. 5197) for the relief of Lt. Col. Paul D. Bunker; to the Committee on Military Affairs.

By Mr. RAMSPECK: A bill (H. R. 5198) to place Lt. Comdr. Webster Gross, Supply Corps, United States Navy, on the list of paymasters next after Lt. Comdr. John A. Fields, Supply Corps, United States Navy, with the rank of lieutenant commander, Supply Corps, United States Navy; to the Committee on Naval Affairs.

By Mr. RANDOLPH: A bill (H. R. 5199) granting a pension to Marcellus W. Mace; to the Committee on Pensions.

By Mr. SMITH of Virginia: A bill (H. R. 5200) for the relief of Earl Thomas Dodd; to the Committee on Claims.

By Mr. SUTPHIN: A bill (H. R. 5201) extending the time within which applications for benefits under the World War Adjusted Compensation Act, as amended, may be filed; to the Committee on Ways and Means.

By Mr. THOMAS: A bill (H. R. 5202) granting an increase of pension to Jennie P. Smith; to the Committee on Invalid Pensions.

By Mr. UMSTEAD: A bill (H. R. 5203) for the relief of Maj. Patrick H. Winston; to the Committee on World War Veterans' Legislation.

By Mr. VINSON of Georgia: A bill (H. R. 5204) granting a pension to Mrs. Carl Rainey; to the Committee on Pensions.

Also, a bill (H. R. 5205) granting an increase of pension to John P. Phillips; to the Committee on Pensions.

By Mr. WEAVER: A bill (H. R. 5206) granting an increase of pension to Hezekiah C. Rice; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

608. By Mr. BACHARACH: Petition of the Society of the Friendly Sons of St. Patrick of Southern New Jersey, requesting the President of the United States to show our disapproval by the Government of the United States of the acts of the Mexican Government by recalling our Ambassador from his post in Mexico; to the Committee on Foreign Affairs.

609. By Mr. BRUNNER: Resolution of the Forest Hills Council No. 2655, Knights of Columbus, 107-15 Metropolitan Avenue, Forest Hills, Long Island, N. Y., regarding the conditions in Mexico; to the Committee on Foreign Affairs.

610. By Mr. BUCKLER of Minnesota: Petition of Lyle E. Gamber and about 125 other citizens of Fergus Falls, Minn., and vicinity, praying for passage of Federal old-age pension law; to the Committee on Ways and Means.

611. Also, petition of Andrew Sorum, president, of Crookston, and Herman A. Kjos, secretary of Thief River Falls, Minn.; and members of Union No. 13, of the Independent Union of All Workers (this union is an organization of employees of the State highway maintenance district 5, including seven counties in the northwestern part of the State of

Minnesota), urging support of the Lundeen unemployment insurance bill; to the Committee on Labor.

612. By Mr. CARMICHAEL: Petition of W. H. Pruitt and others, of Madison County, Ala., favoring passage of the bill to pay the soldiers' bonus and a bill for old-age pension; to the Committee on Ways and Means.

613. Also, petition of Soffie Wiggins and others, of Madison County, Ala., favoring old-age legislation; to the Committee on Ways and Means.

614. Also, petition of W. T. Bynum and others, of Jackson County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

615. Also, petition of P. H. Woodall, Jackson County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

616. Also, petition of J. M. B. Greenhaw and others, of Lawrence County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

617. Also, petition of A. W. Banks and others, of Morgan County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

618. Also, petition of Matt Griffith and others, of Morgan County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

619. Also, petition of Mrs. B. J. Walker and others, of Limestone County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

620. Also, petition of George Ross and others, of Colbert County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

621. Also, petition of M. H. Barton, of Lauderdale County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

622. Also, petition of Ellen Bayless, of Madison County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

623. Also, petition of Jane Jordan and others, of Lauderdale County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

624. Also, petition of George W. Hamilton, of Colbert County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

625. Also, petition of Lily Cameron and others, of Morgan County, Ala., favoring House bill 2856, old-age pension; to the Committee on Ways and Means.

626. Also, petition of Eliza Pearson and others, of Morgan County, Ala., favoring House bill 2856, old-age pension; to the Committee on Ways and Means.

627. Also, petition of Margaret Burnett and others, of Madison County, Ala., favoring House bill 2856; to the Committee on Ways and Means.

628. Also, petition of George Adair and others, of Lawrence County, Ala., favoring House bill 2856, old-age pension; to the Committee on Ways and Means.

629. By Mr. CULKIN: Petition of the New York State Assembly, asking for legislation to abolish the Federal gasoline tax and to surrender to the States the exclusive power to tax such sales; to the Committee on Ways and Means.

630. Also, petition of the New York State Assembly, favoring the Costigan antilynching bill; to the Committee on the Judiciary.

631. By Mr. DUFFY of New York: Petition of the New York State Assembly, urging enactment of the Costigan antilynching law; to the Committee on the Judiciary.

632. Also, petition of the New York State Assembly, urging Congress to abolish the Federal gasoline sales tax; to the Committee on Ways and Means.

633. By Mr. GOODWIN: Petition of the New York State Assembly, memorializing the Congress of the United States to enact legislation for the abolishment of the Federal gasoline tax and to surrender to the States exclusive power to tax such sales; to the Committee on Ways and Means.

634. Also, petition of the New York State Assembly, memorializing the Congress of the United States to enact with all convenient speed the Costigan antilynching bill or other like legislation to prevent the punishment or destruction of

persons accused or suspected of crime in any other way or by any other authority than by due process of law; to the Committee on the Judiciary.

635. By Mr. JENKINS of Ohio: Petition signed by 19 citizens of Lawrence County, Ohio, urging and demanding that the old-age pension bill, sponsored by Dr. J. E. Pope, editor of the National Forum, and one introduced by Representative WILL ROGERS be enacted into law; to the Committee on Ways and Means.

636. Also, petition signed by 42 citizens of Lawrence County, Ohio, urging and demanding that the old-age pension bill, sponsored by Dr. J. E. Pope, editor of the National Forum, and one introduced by Congressman WILL ROGERS be enacted into law; to the Committee on Ways and Means.

637. By Mr. KENNEDY of New York: Petition of the Legislature of the State of New York, in assembly, requesting the Congress of the United States to enact with all convenient speed such legislation as may be necessary to abolish the Federal gasoline sales tax and to surrender to the States exclusively the power to tax such sales in the future; to the Committee on Ways and Means.

638. Also, petition of the Legislature of the State of New York, in assembly, requesting the Congress of the United States to enact with all convenient speed the Costigan antilynching bill, or other like legislation which will prevent the punishment or destruction of persons accused or suspected of crime in any other way or by any other authority than by due process of law and by a duly constituted court of justice; to the Committee on the Judiciary.

639. By Mr. KENNEY: Petition of protest of the legislative committee of the Newark Diocesan Federation of the Holy Name Societies of Newark, N. J., against House bill 2000, relating to birth control; to the Committee on the Judiciary.

640. Also, resolution of Guttenberg Unemployed Association, endorsing House bill 2827; to the Committee on Labor.

641. Also, petition of protest of the Mount Carmel Guild of Diocese of Newark, N. J., against passage of House bill 2000, amending sections 211, 245, and 312 of the Federal Penal Code; to the Committee on the Judiciary.

642. By Mr. LAMBERTSON: Petition of John P. Degand and other citizens of Shawnee County, John William Hayes and other citizens of Doniphan County, Moody R. Beauchamp and other citizens of Doniphan County, and Charlotte Navarre and other citizens of Shawnee County, all of the State of Kansas, urging the passage of House bill 2856; to the Committee on Labor.

643. By Mr. LEWIS of Maryland: Petition of certain persons of Washington County, Md., with reference to old-age-pension legislation; to the Committee on Ways and Means.

644. Also, petition of certain persons of Garrett County, Md., with reference to old-age-pension legislation; to the Committee on Ways and Means.

645. Also, petition of certain persons of Allegany County, Md., with reference to old-age-pension legislation; to the Committee on Ways and Means.

646. Also, petition of certain persons of Frederick County, Md., with reference to old-age-pension legislation; to the Committee on Ways and Means.

647. Also, petition of certain persons of Cumberland, Md., with reference to old-age-pension legislation; to the Committee on Ways and Means.

648. By Mr. MERRITT of New York: Petition of the National Guard Association of the State of New York in convention assembled at the city of Albany, N. Y., on January 19, 1935, urging the Congress of the United States to eliminate from that portion of the Army appropriation bill affecting National Guard activities for the fiscal year 1935-36 any provision or proviso which in any way might or could affect the right to Federal pay and allowances or Federal recognition of any member of the National Guard of the State of New York qualified to serve therein pursuant to the provisions of the National Defense Act and the military law of the State of New York; to the Committee on Appropriations.

649. By Mr. MOTT: Petition signed by 500 citizens of Linn County, Oreg., urging enactment of the Townsend old-age

revolving pension plan; to the Committee on Ways and Means.

650. Also, petition signed by 190 citizens of Linn County, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

651. Also, petition signed by 153 citizens of Linn County, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

652. Also, petition signed by 242 citizens of Linn County, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

653. Also, petition signed by Fritz Abendroth and 70 other citizens of Hillsboro, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

654. Also, petition signed by 90 citizens of Linn County, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

655. Also, petition signed by 29 members of the Salem Chapter of American War Mothers, Salem, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

656. Also, petition signed by 500 citizens of Linn and Marion Counties, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

657. Also, petition signed by 241 citizens of Linn County, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

658. Also, petition signed by 500 citizens of Linn County, Oreg., urging enactment of the Townsend old-age revolving pension plan; to the Committee on Ways and Means.

659. By Mr. PARKS: Petition concerning old-age pensions; to the Committee on Ways and Means.

660. By Mr. PFEIFER: Petition of the Assembly of the State of New York, Albany, urging the enactment of legislation abolishing the Federal gasoline sales tax; to the Committee on Ways and Means.

661. Also, petition of the Assembly of the State of New York, Albany, favoring enactment of the Costigan antilynching bill; to the Committee on the Judiciary.

662. Also, petition of Inland Water Petroleum Carriers Association, New York City, urging support of Senate bill 204, providing for the construction of four ice-breaking vessels for the Coast Guard; to the Committee on Naval Affairs.

663. Also, petition of Building Contractors Employers Association, Inc., New York City, recommending adoption of an amendment to House Joint Resolution 117, limiting the powers conferred to any governmental agency in the execution of projects contemplated in this joint resolution; to the Committee on Appropriations.

664. Also, petition of the New York County Chapter of the New York State Society of Professional Engineers, urging the administration to assign all construction design to the established private professional organizations in the execution of the four billion Public Works program; to the Committee on Appropriations.

665. By Mr. RUDD: Petition of the Assembly, State Legislature of the State of New York, regarding antilynching legislation; to the Committee on the Judiciary.

666. Also, petition of the Pittsburgh Central Labor Union, Pittsburgh, Pa., concerning the restoration of the 5-percent salary reduction as of January 1, 1935; to the Committee on Appropriations.

667. Also, petition of the Assembly, Legislature of the State of New York, regarding taxation of sales of gasoline; to the Committee on Ways and Means.

668. Also, petition of the Ladies' Auxiliary, United National Association of Post Office Clerks, Branch No. 2, Brooklyn, N. Y., with reference to the salary restoration of 5 percent as of January 1, 1935; to the Committee on Appropriations.

669. By Mr. THOMASON: Petition of citizens of El Paso County, Tex., urging repeal of excise tax of \$1,000 on all persons engaged in the sale of liquor in States where such sale is

prohibited by State law; to the Committee on Ways and Means.

670. By Mr. TRUAX: Petition of Cecil Bibbs and 30 other citizens of Toledo, Ohio, urging and demanding that the Congress of the United States enact into law the old-age-pension bill as sponsored by Dr. J. E. Pope, as embodied in House bill 2856, introduced by Representative WILL ROGERS, of Oklahoma, embracing the following: A Federal pension of \$30 to \$50 per month to every man and woman above the age of 55, financed on a contributory basis, or a tax on the earnings of persons between the ages of 21 and 45; same to be free from State and local administration or interference; to be a Nation-wide, impartial, and uniform system of old-age pensions; to the Committee on Labor.

671. Also, petition of the Order of Benefit Association of Railway Employees, Cincinnati Division, No. 137, consisting of 635 railway employees, exclusive of their families, requesting the Honorable CHARLES V. TRUAX, Member of Congress from the State of Ohio, to support to the fullest extent enactment of legislation to modify the fourth section of the Interstate Commerce Act to regulate commerce, so as to permit the railroads to compete with unregulated forms of transportation as recommended by the Federal Coordinator and covered in the Pettengill bill (H. R. 8100) introduced at the last session of Congress; to the Committee on Interstate and Foreign Commerce.

672. Also, petition of the Mansfield Liederkrantz, a singing society, consisting of over 500 members, striving for culture vocally, mentally, and physically, seeing the great suffering and privation in their city and all over this country, due to low wages and unemployment, and whereas this condition can be eliminated only through a bill providing for the establishment of unemployment, old-age, and social insurance, such as House bill 2827, introduced by Mr. LUNDEEN in the House of Representatives, hereby resolve that Congress actively support and enact into law House bill 2827; to the Committee on Labor.

673. Also, petition of the Salem Township Farmers' Institute, by their committee, composed of Altha Morgan, Ivy Hines, and Henry Swisher, urging lower rates for electric current, electrification of rural areas; restoring right to Congress to coin money and regulate the value thereof; passage of Frazier-Lemke refinancing bill, cost of production plus a reasonable profit to the farmer; opposing large appropriations for war; condemning manufacture and sale of intoxicating liquors, etc.; to the Committee on Agriculture.

674. By Mr. WEAVER: Petition of various citizens of the Eleventh Congressional District of North Carolina, asking for the passage of the Townsend old-age-pension bill; to the Committee on Ways and Means.

675. By the SPEAKER: Petition of the Taxpayers Protective League and the Municipal Manager League, of Newark, N. J.; to the Committee on Appropriations.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 1, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou who fillest the heavens and earth with glory, we thank Thee for life with its privileges, hopes, and aspirations. Give us the impelling urge to move onward to the stature of the best manhood. Heavenly Father, enable us to realize most deeply the great trust which has been reposed in us. Each day keep us close to Thee and make us conscious of Thy presence. We pray, blessed Lord, that with honest hearts and clear perceptions we may deal justly, love mercy, and walk humbly with Thee. Endue us with new purpose and power, light and grace, and lift us into the largest and noblest life. We rejoice that the temple of our dreams is not among the dead, but in Him who will keep the unity of the world from being shattered and transform the moral thought and life of the man. Amen.